

POWER PURCHASE AGREEMENT

BETWEEN

BELIZE ELECTRICITY LIMITED

AND

BELIZE ELECTRIC COMPANY LIMITED

Dated as of March 15, 2007

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This POWER PURCHASE AGREEMENT (this "Agreement") is made as of March 15, 2007 (the "Agreement Date")

BETWEEN:

- (1) **BELIZE ELECTRICITY LIMITED** (the "Purchaser" or "BEL", which expressions shall be construed so as to include its successors in title and permitted assigns), a limited liability company having its registered office at 2-1/2 Miles. Northern Highway organized and existing under the Laws of Belize; and
- (2) **BELIZE ELECTRIC COMPANY LIMITED** (the "Seller" or "BECOL", which expressions shall be construed so as to include its successors in title and permitted assigns), a limited liability company having its registered office in Belize organized and existing under the Laws of Belize.

WHEREAS:

- (A) The Seller wishes to deliver and sell to the Purchaser, and the Purchaser wishes to purchase and take from the Seller, electrical energy from the Facility in accordance with the terms and subject to the conditions of this Agreement.
- (B) The Seller shall be responsible for forecasting, hydrological projections, and appropriate operational "*Guide Curves*" for the storage reservoir.
- (C) The Seller shall be responsible for generating electricity from the available water.

NOW, THEREFORE, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and promises herein contained, and intending to be legally bound hereby, the Seller and the Purchaser hereby agree as follows:

1. Definitions

Definitions. Unless otherwise defined herein or in any Exhibit hereto, the following terms, when used herein or in any Exhibit hereto, shall have the meanings set forth below:

"Act" means the Electricity Act Chapter 221 of the Laws of Belize Revised Edition 2000, as further amended or re-enacted from time to time.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control of such Person. For purposes of this definition, a Person shall be treated as being controlled by another if that other Person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"Available" means, in relation to the Facility, able to respond to a Dispatch Instruction and to deliver Net Energy Output.

"Available Capacity Declaration" means a declaration by the Seller, in accordance with Prudent Utility Practice and this Agreement.

"Average" means the arithmetical mean.

"Average Annual Energy" means that amount of energy capable of being generated by the Facility in a year of average precipitation, which based on current precipitation records is estimated to be 90 GWh per year.

"Base Capital Cost", if used, shall have the meaning given to such term in Article 17.

"Base Tariff", if used, shall have the meaning given to such term in Article 17.

"BEL's License" means the license issued to BEL under the Act to conduct its business, as amended from time to time.

"Belize Dollar" or "BZ\$" means the lawful currency for the time being of Belize.

"Billing Period" means (i) the period commencing at 00.00 hrs on the Commercial Operation Date and ending at 24.00 hrs on the last day of the calendar month in which the Commercial Operation Date falls and (ii) thereafter, each consecutive period of one calendar month, commencing at 00:00 hrs on the first day of each calendar month and ending at 24:00 hrs on the last day of that calendar month.

"Business Day" means any day except Saturday, Sunday and/or any weekday on which commercial banks in Belize City are required or authorized to be closed.

"Capacity Factor" means the ratio of the total energy capable of being produced from the available water in a calendar year to the total energy capable of being produced if sufficient water was available to operate 24 hours per day everyday for that year.

"Carbon Credit" means any certified emission reduction unit or similar environmental or greenhouse gas unit under the Kyoto Clean Development Mechanism or similar environmental protocol.

"Change in Law" means any event or circumstance occurring on or after the Agreement Date as a result of or in connection with any action or inaction by any Government Authority including, without limitation:

- (a) a change in or repeal of an existing Law;
- (b) an enactment or making of a new Law;

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- (c) a cancellation or non-renewal or change in the conditions applicable to any Government Approval granted to the Purchaser, the Seller or otherwise relating to the Facility;
- (d) a change in the manner in which a Law is applied or the interpretation or application thereof;
- (e) a change in any Law or any alteration in the application of any Law to any of the Purchaser, the Seller, the Facility or any Financing Party including, without limitation, any Law relating to tax rates, depreciation schedules or which affects the revenues, profits or cost of financing of the Seller.

"Check Metering Facilities" means the metering equipment owned by the Seller for the purpose of checking the accuracy of the Energy Metering Facilities by measuring Net Energy Output at the Delivery Point.

"Claims" means any and all claims, judgments, losses, liabilities, costs, expenses (including reasonable attorneys' fees) and damages of any nature whatsoever (except workers' compensation claims) in relation to personal injury, death or property damage.

"Commercial Operation" means when the Facility becomes Available for the purposes set out in this Agreement.

"Commercial Operation Date" means the day which immediately succeeds the day upon which the Seller declares by written notice to the Purchaser that the Facility is ready for Commercial Operation.

"Commissioning Tests" means the tests to be carried out on the Facility by the Seller in order to determine whether the Facility is ready for Commercial Operation, as set out in Exhibit 3 (Testing Requirements for the Generation Project).

"Committee of Operation" means the committee of operation formed in accordance with Article 9.2 (*Committee of Operation*) for the purpose of developing the Operating Procedures and agreeing on other issues in relation to the Facility subject to and in accordance with the provisions of this Agreement.

"Contract Year" means (i) for the first year that portion of a year commencing on the Commercial Operation date and ending at 2400 hours on December 31 of that year and (ii) each consecutive period of twelve (12) calendar months thereafter, the first such period commencing at 00.00 hrs on the first day of January which immediately succeeds the last day of the first contract year and ending at 24.00 hrs on December 31 in that year.

"Control Center" means the System Operation Center of the Purchaser.

"Declared Firm Capacity" means, in relation to any Dispatch Period, the Firm Capacity declared to be Available by the Seller during that Dispatch Period pursuant to Article 12.2.1 (*Dispatch Instruction*).

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"Default Interest" means the Prime Rate (in Belize) plus two percent.

"Delivery Point" means the physical point at the Site where the Facility output lines are connected with the Interconnection Facilities, which shall be the low voltage side of the step-up transformer located at the Site.

"Demonstrated Capacity" means the maximum electrical energy generating capacity of the Facility as tested in accordance with the criteria set out in Exhibit 3 (*Testing Requirements for the Generation Project*) and as agreed by the Committee of Operations in accordance with Article 8.1.6 (*Testing Requirements*).

"Design Limits" means the operating parameters of the Facility as set forth under the heading "Design Limits" in Exhibit 2 (*Description of the Generation Project including Design and Operating Limits and Site Description*).

"Dispatch" means the dispatch by the Facility of electrical energy to the Delivery Point in accordance with a Dispatch Instruction, the Dispatch Procedures, the Operating Procedures and this Agreement and subject to the Operating Limits (and any form of the term Dispatch (e.g., "Dispatched," "Dispatches" or "Dispatching") shall be construed accordingly).

"Dispatch Instruction" means an instruction from the Purchaser to the Seller, in accordance with Prudent Utility Practice and this Agreement, to increase, reduce, commence or cease the Dispatch of electrical energy.

"Dispatch Period" means the period commencing at 00:00 hrs (Belize time) on the immediately succeeding day (following the Dispatch Instruction) and ending at 24:00 hrs on that day.

"Dispatch Procedures" means the procedures for the Dispatch of electrical energy from the Facility as set forth in Article 12.1 (*Dispatch*), as amended from time to time by the Committee of Operation.

"Early Termination Date" has the meaning assigned to such term in Article 24.2 (*Termination*).

"Emergency" means a condition or situation which exists on the Transmission Grid during times when generation supply is less than load or just equal to load, or when system voltages and/or the system frequency is outside required limits of the Purchaser's published Transmission Grid Code parameters for operation of the Transmission Grid or other circumstances exist resulting in a condition where the security, stability, integrity or safety of the Transmission Grid may be jeopardized.

"Energy Allocation for Facility" means the portion of the electrical energy generated by the Facility which is allocated for use by the Facility.

"Energy Metering Facilities" means all meters and metering devices owned by the Purchaser and used to measure the delivery of Net Energy Output at the Delivery Point.

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"Environmental Compliance Plan" means the environmental compliance plan set out in the document issued by the Department of the Environment stipulating the environmental measures which must be adopted during the design, construction and operation of the Facility acquired by BECOL and if required that of the Interconnection Facilities acquired by BEL.

"Event of Default" has the meaning assigned to such term in Article 24.1 (*Event of Default*).

"Exhibits" means the following exhibits to this Agreement:

Exhibit 1	Government Approvals;
Exhibit 2	Description of the Generation Project including Design and Operating Limits and Site Description;
Exhibit 3	Testing Requirements for the Generation Project; and
Exhibit 4	Environmental Compliance Plan; and

"Facility" means the generating station described in Exhibit 2 (*Description of Generation Project including Design and Operating Limits and Site Description*), located at Mile 8, Hydro Road, Benque Viejo del Carmen, Cayo District and which will be constructed and operated for the purpose of supplying electrical energy to the Purchaser in accordance with this Agreement.

"Financial Close" means the first Business Day on which the Seller is satisfied that (a) the Loan Documents have been executed by each of the parties thereto and (b) all of the conditions precedent to the initial availability of funds under the Loan Documents have been satisfied.

"Financing Parties" shall mean the Lenders, export credit agencies, multilateral institutions, equity providers, and other institutions providing financing or refinancing to the Seller for the development, ownership, operation and maintenance of the Facility, or any trustee, or agent acting on behalf of the foregoing.

"Firm Capacity" means the electrical generating capacity of the Facility at the Delivery Point, as determined by the Committee of Operations in accordance with Article 2.3 (*Firm Capacity*).

"Force Majeure Event" has the meaning assigned to such term in Article 10.6.2 (*Force Majeure Event*).

"Forced Outage" means any partial or complete interruption of, or reduction in, the Facility's electrical energy production capability that is not the result of (a) a Scheduled Outage, (b) a Maintenance Outage or (c) a Force Majeure Event.

"Fuel" means the energy source material used by the Facility for generating electricity, in this case water.

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"Governmental Approval" means, without limitation, any authorization, consent, approval, license, ruling, permit, exemption, variance, order, judgment, decree, declaration of or regulation by any Government Authority relating to the acquisition, ownership, occupation, construction, start-up, testing, operation or maintenance of the Facility or to the execution, delivery or performance of this Agreement, including, *inter alia*, those listed in Exhibit 1 (*Governmental Approvals*).

"Government Authority" means any authority of the Government of Belize having jurisdiction over either Party or the Facility, including any national, district, local, territorial or municipal government or any department, commission, board, bureau, agency, instrumentality, judicial or administrative body thereof.

"GW" means gigawatt.

"GWh" means gigawatt-hour.

"Imported Energy Consumed by the Facility" means any electrical energy supplied by the Purchaser to the Seller during periods when the Facility is not generating sufficient electrical energy to meet its own consumption requirements.

"Import Metering Facilities" means the metering equipment owned by the Purchaser and installed at the Delivery Point for the purposes of measuring electrical energy supplied by the Purchaser to the Seller.

"Interconnection Facilities" means all the equipment and facilities which are used for the purpose of delivering Net Energy Output from the Delivery Point to the Interconnection Point, including the following: the Energy Metering Facilities, transmission and distribution lines and associated equipment, transformers and associated equipment, relay and switching equipment, protective devices and safety equipment and telemetering equipment, wherever located.

"Interconnection Point" means the physical point or points where interconnection is made between the Interconnection Facilities and the Transmission Grid.

"kW" means kilowatt.

"kWh" means kilowatt-hour.

"Law" means any statute, law, rule, regulation, order, treaty, court decision existing, enacted, made issued or promulgated or imposed by a Government Authority, whether in effect now or at any time in the future and applicable to the Parties, the Facility or relating to the rate of return on investment of the Seller or its shareholders or the cost of financing, constructing, operating and maintaining the Facility including any of the foregoing relating to Tax, reserve or repatriation requirements of any kind or relating to expropriation or compulsory acquisition.

"Lenders" means, at any time, the banks and other financial institutions who have entered into commitments to provide financing or refinancing facilities (including, without

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limitation, loans, guarantees, letters of credit and hedging facilities) in connection with the Facility at such time and any successors, permitted assignees or transferees, agents, trustees or other representatives of such persons.

"Loan Documents" means the loan agreements, notes, indentures, security agreements, interest rate hedging agreements, guarantees and other documents entered into or to be entered into relating to the permanent financing (including financing of working capital requirements and refinancing and provision of letters of credit for permanent financing) of the Facility and Interconnection Facilities or any part thereof.

"Maintenance Outage" means a partial or complete interruption of the Availability of the Facility that (a) has been coordinated in advance with the Purchaser in accordance with Article 10.2 (*Maintenance Outages*) (including agreed start date, time and duration), (b) is not a Force Majeure Event, Forced Outage or a Scheduled Outage, and (c) is for the purpose of performing work on specific components of the Facility in order to maintain the performance, safety or durability of the Facility, which should not, in the reasonable opinion of the Seller, be postponed until the next Scheduled Outage. Any partial or complete interruption of the Facility's output which immediately succeeds a Scheduled Outage and which extends beyond the pre-agreed duration of that Scheduled Outage shall be deemed a Maintenance Outage.

"Minimum Load" means the minimum load required by the Facility to be able to run under a stable condition, as defined in Exhibit 2 (*Description of the Generation Project including Design and Operating Limits and Site Description*).

"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that (i) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day and (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

"MW" means megawatt.

"MWh" means megawatt-hour.

"Net Energy Output" or "NEO" means the electrical energy that is Dispatched by the Facility and delivered by the Seller to the Purchaser at the Delivery Point in accordance with a Dispatch Instruction, as measured in kWh by the Energy Metering Facilities.

"Operating Limits" means, collectively, the Design Limits, the Dispatch Restrictions and the Permit Limits set forth in Exhibit 2 (*Description of the Generation Project including Design and Operating Limits and Site Description*).

"Operating Procedures" means the written operating procedures developed by the Seller and the Purchaser pursuant to Article 9.2 (*Committee of Operation*), as amended, modified or supplemented from time to time.



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"Operator" means the operator of the Facility appointed or to be appointed by the Seller, which for greater clarity could include the Seller.

"Peak Period" means the period between 18:00 hours and 21:00 hours on any day except Saturday or Sunday or such other period as may be defined by the Committee of Operations from time to time.

"Performance Test" means a test performed in accordance with Exhibit 3 (Testing Requirements for the Generation Project).

"Permit Limits" means the approved characteristics of the Facility and any operating constraints specified in the Governmental Approvals for the Facility.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or Government Authority.

"Prevailing Rate of Exchange" means, on any day, the official rate of exchange between the United States Dollar and the Belize Dollar as set by Section 20 of the Central Bank Act, Chapter 262, of the Laws of Belize (as amended, varied or re-enacted from time to time) or such other rate of exchange published by such other agency or institution as shall be agreed by the Parties at the relevant time to reflect the official mid-point rate of exchange between the two currencies.

"Prime Rate" means that interest rate charged by the Chartered Banks in Belize to their most trustworthy customers at that point in time.

"Protected Persons" has the meaning assigned to such term in Article 29.5 (*Confidentiality*).

"Prudent Utility Practice" (*often referred to as "Good Utility Practice"*) means the practices and standards generally or customarily followed from time to time by the electrical energy industry having regard to engineering and operational considerations, including manufacturers' recommendations. For the avoidance of doubt, Prudent Utility Practice shall not be limited to optimum practices, methods or acts to the exclusion of all others, but shall be a spectrum of possible practices, methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety.

"PUC" means the Public Utilities Commission of Belize or successor having jurisdiction over sale of electricity.

"Quarter" means, in relation to any calendar year, each period of three calendar months commencing on January 1, April 1, July 1 and October 1 of that year.

"Scheduled Commercial Operation Date" means *September 30, 2009*.

"Scheduled Outage" means a planned partial or complete interruption of the Availability of the Facility that has been coordinated in advance in accordance with Article 10.1 (*Scheduled Outages*).

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"Security Arrangements" means arrangements entered into by the Seller in favour of the Purchaser as set forth in Article 5.2 (*Security*) and Article 6.3 (*Security*).

"Site" has the meaning assigned to such term in Exhibit 2 (*Description of the Generation Project including Design and Operating Limits and Site Description*).

"Successor Company" means (a) in the case of the Purchaser, any Person who acquires the whole or any substantial part of the rights of the Purchaser under BEL's License and (b) in the case of the Seller, any Person who acquires the whole or any substantial part of the rights of the Seller to conduct the business of generation and sale of the electrical energy to be supplied under this Agreement.

"Tariff" means the price per unit of electrical energy, expressed in United States Dollars per kWh, to be paid by the Purchaser to the Seller in respect of energy delivered, as determined in accordance with Article 17.

"Taxes" means any tax, charge, impost, tariff, duty or fee of any kind charged, imposed or levied directly or indirectly by any Government Authority in Belize applicable to the Seller, the shareholders of the Seller or the Facility, including without limitation any such corporate income tax, value added tax, sales tax, stamp tax, import duty, withholding tax (whether on dividends, interest payments, fees, equipment rentals or otherwise), tax on foreign currency loans or foreign exchange transactions, excise tax, property tax, registration fee or license, water tax or environment tax.

"Term" has the meaning assigned to such term in Article 4.1 (*Term*).

"Termination Payment" has the meaning assigned to such term in Article 24.3 (*Termination*).

"Test Date" has the meaning assigned to such term in Article 6.2 (*Notice to Provide Interconnection Facilities*).

"Transmission Grid" means the transmission system owned by the Purchaser.

"True Availability Factor" means, in relation to any Contract Year, the actual Availability of the Facility in that Contract Year as calculated pursuant to Section 18.

"United States Dollar" or "US\$" means the lawful currency for the time being of the United States of America.

1.1 Interpretation: Unless the context otherwise requires:

1.1.1 Words singular and plural in number shall be deemed to include the other and pronouns having masculine or feminine gender shall be deemed to include the other.

1.1.2 Any reference in this Agreement to any Person includes its successors and assigns and, in the case of any Government Authority, any Person succeeding to its functions and capacities.

1.1.3 Unless otherwise indicated, any reference in this Agreement to any Article, Section, Exhibit or Annex means and refers to the Article or Article contained in, or Exhibit or Annex attached to, this Agreement.

1.1.4 Other grammatical forms of defined words or phrases have the meaning corresponding to that of the defined word.

1.1.5 Unless otherwise indicated, a reference to a document or agreement, including this Agreement, is a reference to that document or agreement as amended, supplemented or restated from time to time with the written consent of the Parties.

1.1.6 Unless otherwise indicated, a reference to a Law is a reference to that Law as amended or re-enacted.

1.1.7 If any payment, act, matter or thing hereunder would occur on a day that is not a Business Day, then such payment, act, matter or thing shall, unless otherwise expressly provided for herein, occur on the next Business Day.

1.1.8 The terms "include," "includes" and "including" shall be deemed to be followed by the words "without limitation."

1.1.9 The words "hereof," "herein," and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

1.1.10 Any reference to a document *in the agreed form* or *in the agreed terms* is to the form or terms of the relevant document agreed between the Seller and the Purchaser and initialed by or on their behalf for purposes of identification.

1.1.11 A "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organization.

1.1.12 A "day" means a period beginning at 00:00 hrs on any day and ending at 24:00 hrs on the same day.

1.1.13 A time of day is a reference to Belize time.

2. Sale and Purchase of Energy and Capacity

2.1 Sale and Purchase. Subject to and in accordance with the other terms and conditions of this Agreement, from (and including) the Commercial Operation Date until (and including) the last day of the Term: (i) the Seller shall make available at the Delivery Point and sell to the Purchaser NEO associated with Declared Firm Capacity from time to time generated by the Facility and (ii) the Purchaser shall purchase from the Seller NEO associated with such Declared Capacity for the consideration described in Article 17 (*Compensation*).

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2.2 Title and Risk of Loss. Title to and risk of loss of electrical energy generated by the Facility shall reside with the Seller until the Delivery Point and shall pass from the Seller to the Purchaser at the Delivery Point.

2.3 Average Annual Energy and Peaking Requirements. The Committee of Operation shall agree on Average Annual Energy and the monthly breakdown anticipated for such for each Contract Year not less than forty-five (45) days prior to the commencement of that Contract Year. The Committee of Operation shall also agree on the proposed operation with respect to capacity based on the average water available which best meets the requirements of the Purchaser and does not negatively impact the Seller.

2.4 Effective Use of Water Resource. The Facility shall be operated to effectively utilize the available water resource in a manner which provides the greatest value to the Purchaser's customers as determined by the Purchaser. The Seller shall be responsible for providing Annual/Daily Reservoir Guide Curves at least 45 days prior to each Contract Year and to provide daily information on weather patterns which may impact them. The Seller shall also provide curves showing the most efficient plant operation for a given head of water and electrical output.

2.5 The Purchaser agrees to request operation of the Facility to maximize the energy available from the water resource. If the Purchaser opts to request operation of the Facility outside of the operating and rule curves, the Purchaser agrees to pay an amount equivalent to the amount of energy wasted by requesting operating outside these guidelines. The Committee of Operation shall outline a daily reporting format to track the amounts of energy wasted, if any.

2.6 Carbon Credits. The Purchaser agrees to co-operate with the Seller, at no charge or fee to the Seller, with regard to the provision of reasonable information necessary or desirable for the Seller to facilitate it in obtaining Carbon Credits for the energy produced by the facility.

2.7 Maintaining Availability. The Seller will use its best efforts to ensure that the True Availability Factor is maintained at 0.9 or greater and shall not, without the written consent of the Purchaser (not to be unreasonably withheld or delayed), sell electrical energy from the Facility to another Person if this will result in the Seller being unable to maintain a True Availability Factor of 0.9. The True Availability Factor is to be adjusted daily as required based on actual stream flow and available water.

3. **Conditions Precedent and Exhibits**

3.1 Effectiveness of the Seller's Obligations. Other than the Security Arrangements and notwithstanding anything to the contrary contained in this Agreement (but subject nonetheless to Clause 3.4 below) or in any other agreement relating to this Agreement, the Seller shall have no obligations under this Agreement until the Seller notifies the Purchaser in writing that the following conditions precedent have been fulfilled or waived in writing by the Seller:

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- (a) the Seller shall have received all Government Approvals listed in Exhibit 1 (Government Approvals);
- (b) the Seller has received the approval of the BECOL Board of Directors;
- (c) the Seller receives confirmation from the Government of Belize that all of the provisions regarding taxes, duties, etc. applicable to the Seller for the Mollejon project are applicable to this project as provided for in Clause 12.1 of the Thermal and Additional Hydro Franchise Agreement;
- (d) the Seller has received agreement from the Purchaser acting through its Legal Counsel that it will make such modifications to the Terms of Agreement as requested by the Seller's Financing Party, acting reasonably.

3.2 Effectiveness of the Purchaser's Obligations. Notwithstanding any other provisions of this Agreement (but subject nonetheless to Clause 3.4 below), the Purchaser shall have no obligations under this Agreement until the date specified in a notice from the Purchaser to the Seller stating that the following conditions precedent have been fulfilled or waived in writing by the Purchaser:

- (a) the Purchaser shall have received copies of the Memorandum and Articles of Association of the Seller, certified as true by the Seller's company secretary, and a copy of the Seller's License to Generate under the Electricity Act;
- (b) the Purchaser shall have received copies of resolutions passed by the Seller's Board of Directors authorizing the execution, delivery and performance by the Seller of this Agreement and the transactions contemplated by this Agreement, certified as true by the Seller's company secretary;
- (c) the Purchaser shall have received an opinion of legal counsel to the Seller, in form and substance satisfactory to the Purchaser, as to the power, capacity and authority of the Seller to enter into this Agreement and the transactions contemplated hereby, the enforceability of this Agreement against the Seller in accordance with its terms and such other matters as the Purchaser may reasonably request;
- (d) the Seller shall have provided the Purchaser with copies of the Governmental Approvals described in Exhibit 1 (Government Approvals) attached hereto; and

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- (e) the Purchaser has received written confirmation from the PUC that the cost incurred by this PPA can be charged in full to its cost of power (operating expenses) covered by consumer rates.

3.3 Assistance from the Purchaser. The Purchaser shall, at the request of the Seller, afford all reasonable assistance to the Seller in achieving the necessary financing for the Facility including, without limitation, by making its officers available to respond to any comments or to answer any questions a potential Financing Party may have **provided that** in the absence of gross negligence or willful misconduct of the Purchaser, the Purchaser shall not be liable for any failure of Financial Close to occur.

3.4 Exhibits – Conditions of Effectiveness. The Seller and the Purchaser shall, at any time and from time to time on or before the day which falls nine (9) months after the date of the Agreement, amend this Agreement by completing the Exhibits and attaching the same to this Agreement such that: at any time on and after the day on which an Exhibit is attached to this Agreement, such Exhibit shall constitute an integral part of this Agreement; and at any time on and after the day which falls nine (9) months after the date of this Agreement, all Exhibits shall have been so completed and attached.

4. **Term and Termination**

4.1 Term. The term of this Agreement shall commence on the Agreement Date and shall continue in full force and effect until the day which falls six hundred (600) Months after the Commercial Operation Date, unless it is terminated earlier in accordance with this Agreement.

4.2 Termination. The termination or expiry of this Agreement shall be without prejudice to the rights and obligations of the Parties accrued under this Agreement prior to, or which are expressed to continue beyond, such termination or expiry.

4.3 Extension. Subject to authorization from the PUC being obtained, the Term may be extended by prior written agreement of the Parties.

5. **Penalty for Failure to Achieve Scheduled Commercial Operation Date**

5.1 Penalty/Bonus. Subject to Article 7.1.1 (*Unavailability of Interconnection Facilities*), if the Commercial Operation Date is not achieved on or before the Scheduled Commercial Operation Date, unless caused by regulatory or government actions (or lack of) or approvals, the Seller shall pay to the Purchaser a penalty in an amount equal to the difference in the cost of power contemplated by this agreement and the cost of the Purchaser's lowest cost option to replace said power and energy to a maximum of BZ\$500,000 (*Five Hundred Thousand Belize Dollars*) (the "First Guaranteed Amount"). Subject to Force Majeure Events if the Commercial Operation Date is not achieved within eighteen (18) months of the Scheduled Commercial Operation Date this Agreement will terminate in accordance with Article

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24.1.2.c. Should the facility be completed earlier than the Commercial Operation Date, the Purchaser agrees to purchase all available energy from the date of completion.

5.2 Security. Not later than eighteen (18) Months before the Scheduled Commercial Operation Date the Seller shall deliver to the Purchaser any one of the following (at the Seller's option) in an amount equal to the First Guaranteed Amount as security (the "Security") for the Seller's obligation to pay the First Guaranteed Amount:

- (a) a cash deposit held in an escrow account with a bank acceptable to the Seller and the Purchaser; or
- (b) a stand-by letter of credit issued by a bank in Belize on behalf of the Seller in favour of the Purchaser; or
- (c) an executed agreement in favor of the Purchaser permitting the Seller to deduct the "First Guaranteed Amount" from monies due the Seller under existing agreements.

5.3 Enforcement and Release of Security

5.3.1 If the Commercial Operation Date does not occur on or before the Scheduled Commercial Operation Date then the Security may be enforced by the Purchaser in payment and discharge in full of the Seller's obligations under Article 5.1 (*Penalty for Failure to Achieve Scheduled Commercial Operation Date*).

5.4 If the Commercial Operation Date does occur on or before the Scheduled Commercial Operation Date then the Security shall not be enforced by the Purchaser and the Purchaser shall promptly, but in any event not later than ten (10) days following the Commercial Operation Date, return or release the Security (as appropriate) and provide evidence thereof to the Seller.

6. **Interconnection Facilities**

6.1 Provision of the Interconnection Facilities. The Purchaser shall, at its own cost and expense and in consultation with the Seller, design, finance, construct, own, operate and maintain the Interconnection Facilities required to transmit the power and energy from the Facility. The Seller shall provide to the Purchaser, at no cost, a suitable plot of land within close proximity to the Facility, but above flood levels, to construct the Interconnection Facilities.

6.2 Notice to Provide Interconnection Facilities. Not later than the day (the "Notice Date") which falls Fifteen (15) Months prior to the day (the "Test Date") on which the Seller estimates that Interconnection Facilities will be required by the Seller to allow Commissioning Tests to proceed, the Seller shall deliver written notice of the anticipated Test Date to the Purchaser. Without prejudice to any other provision of this Agreement, it is understood and agreed between the parties that the Commercial Operation Date is intended to occur approximately three (3) Months after the Test Date.

6.3 Security. On the Notice Date, the Seller shall deliver or cause to be delivered to the Purchaser a bond, guarantee or agreement as provided in 5.2 (c) (at the Seller's option) from a Person satisfactory to the Purchaser in an amount equal to US\$100,000 (One Hundred Thousand United States Dollars) or its equivalent in Belize Dollars (at the Seller's option) (the "Second Guaranteed Amount") as security for any and all costs reasonably incurred by the Purchaser in providing Interconnection Facilities in circumstances where, subject to Article 7.1.1 (*Unavailability of Interconnection Facilities*), the Seller has failed to ensure that the Commercial Operation Date is achieved within six (6) months of the Scheduled Commercial Operation Date.

6.4 Claims under the Guarantee or Bond. If the Commercial Operation Date has not occurred on or before a date specified in the first column below then, at any time after that date, the Purchaser shall be permitted to deliver to the Person who has issued the bond or guarantee referred to in Article 6.3 (*Security*) a demand for payment in an amount equal to the amount specified in the second column below alongside that date:

<i>Months after Test Date</i>	<i>Amount (US Dollars)</i>
6	0.5 per cent per day to a maximum of US\$100,000

6.5 Expiry of Guarantee or Bond. The Purchaser shall not be permitted to make further demands for payment pursuant to Article 6.4 (*Claims under the Guarantee or Bond*) at any time after the Commercial Operation Date and the guarantee or bond referred to in Article 6.3 (*Security*) shall expire at 15:00 hrs on the tenth (10) day after the Commercial Operation Date (the "**expiry time**"). Any demand for payment must be delivered to the Person who has issued the guarantee or bond before the expiry time.

6.6 Sole Remedy. The Security for the First Guaranteed Amount and the Second Guaranteed Amount shall be the sole remedy of the Purchaser against the Seller in respect of any and all costs, expenses, losses and liabilities incurred or suffered by the Purchaser as a result of the Commercial Operation Date not falling on or before the Scheduled Commercial Operation Date.

7. **The Purchaser's Obligation in Respect of Interconnection Facilities.**

7.1 Unavailability of Interconnection Facilities.

7.1.1 The Seller shall not be liable for payment of the whole or any part of the First Guaranteed Amount or the Second Guaranteed Amount (and the Purchaser shall not enforce the security constituted thereby) if the Commercial Operation Date is delayed due to the Purchaser's failure to make fully operational Interconnection Facilities available to the Seller or to ensure that the Facility has been properly connected thereto as required pursuant to Article 8.1.2 (*Testing Requirements*) from and at any time after the Test Date. Additionally, should such a delay occur, the Facility shall be deemed to be in operation on the Commercial Operation



Date at which point the Purchaser's obligations to pay shall commence based on an average hydrological year.

8. Commissioning, Testing and Capacity Ratings

8.1 Testing Requirements

8.1.1 The Seller shall perform the Commissioning Tests of the Facility and the Interconnection Facilities as per Exhibit 3 (Testing Requirements for the Generation Project) to demonstrate the capability of the Facility and the Interconnection Facilities. Any modifications required to the Interconnection Facility by virtue of not meeting test requirements shall be to the Purchaser's account.

8.1.2 The Purchaser shall at its own cost and expense do or provide all such things which may be required to enable the Facility to be properly connected to the Interconnection Facilities and the Transmission Grid for the purposes contemplated by this Agreement, including, without limitation, by: (i) providing all relevant services and facilities, (ii) obtaining all relevant clearances, permits to work and other authorizations, (iii) permitting access to its property and (iv) isolating and de-energizing transmission lines.

8.1.3 The Purchaser shall at its own cost and expense undertake any works required on the Transmission Grid to enable the Interconnection Facilities to remain properly connected to the Transmission Grid from and at any time after the Test Date.

8.1.4 The Purchaser shall at its own cost and expense co-operate with the Seller to facilitate the Commissioning Tests including, without limitation, acceptance of the electrical energy generated (at the contract price), provision of data and information relating to the Transmission Grid and other such services which may be required or desirable to enable the Seller to perform the Commissioning Tests.

8.1.5 The procedures and programme for the Commissioning Tests shall be in accordance with recognized international standards appropriate to the Facility, and shall be agreed by the Committee of Operation not later than forty-five (45) days prior to the Test Date. The Purchaser shall nominate a representative to be present at the appropriate times to witness the Commissioning Tests.

8.1.6 Promptly upon completion of the Commissioning Tests, the Committee of Operation shall agree the Demonstrated Capacity, which shall be not less than 15 MW.

8.1.7 At the same time as agreeing to the procedures and programme for the Commissioning Tests, the Committee of Operation shall agree to the appropriate procedures and acceptance criteria such that acceptance or rejection in whole or in part of the Commissioning Tests is to be determined objectively and automatically. Any rejected parts of the Commissioning Tests shall be repeated until the acceptance criteria have been met. In the event that it becomes clear that the acceptance criteria cannot reasonably be met, the Parties hereby agree to review the criteria with a view to relaxing to an appropriate level, either permanently or for a defined period, **provided that** the security and safety of the Transmission Grid and any facilities (including the Facility) connected to the Transmission Grid are not compromised.

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9. **Maintenance and Operation of the Facility**

9.1 Permits; Compliance with Laws.

9.1.1 The Seller shall, at its own cost and expense, acquire and maintain in effect, in accordance with applicable Law, any Governmental Approvals which the Seller determines may be necessary or advisable from time to time (i) for the operation and maintenance of the Facility and (ii) for the Seller to perform its obligations, in each case in accordance with this Agreement.

9.1.2 The Purchaser shall use its best efforts to support the application by the Seller for such Governmental Approvals, and shall use its best efforts to assist with the procurement of such Governmental Approvals.

9.1.3 The Seller shall, at all times, comply in all material respects with all material Laws and Governmental Approvals applicable to it, the Facility and the generation of electrical energy.

9.1.4 The Purchaser shall, at all times, comply in all material respects with all Laws and, at its expense, acquire and maintain in effect any and all Governmental Approvals which may be necessary from time to time for the Purchaser to perform its obligations under this Agreement.

9.1.5 The Purchaser shall operate the Transmission Grid in accordance with Prudent Utility Practice and within the operating parameters defined in the published Transmission Grid Code. Furthermore, the Purchaser shall procure that other generators which supply electrical energy to the Transmission Grid shall conduct their operations substantially in accordance with the published Transmission Grid Code or otherwise in a manner which does not conflict with any right of the Seller under this Agreement or in respect of the transactions contemplated by this Agreement.

9.2 Committee of Operation.

9.2.1 A Committee of Operation shall be formed within ninety (90) days of the Agreement Date. Such Committee of Operation shall comprise an equal number of representatives of each of the Purchaser and the Seller (each a "Representative"). Each Party shall delegate to its Representative(s) authority to agree to procedures and technical issues in respect of the construction, operation and maintenance of the Facility and the Interconnection Facilities.

9.2.2 Any and all procedures and technical issues to be agreed to by the Committee of Operation shall be in accordance with, and shall not conflict with, this Agreement. The Committee of Operation shall have no authority to waive, alter or amend any provision of this Agreement.

9.2.3 The Committee of Operation shall meet at times to be agreed to between the Parties not less than twice per year, unless specifically agreed otherwise. Any and all costs incurred by a Party in respect of such meetings shall be borne by the Party which has incurred

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them. The decisions of, and any procedures agreed by, the Committee of Operation shall be recorded in writing, and shall be verified and signed on behalf of each Party by one Representative of such Party.

9.3 Operating Procedures.

9.3.1 The Committee of Operation shall develop and agree written Operating Procedures not later than sixty (60) days before the Scheduled Commercial Operation Date. The Operating Procedures shall take into account the design of the Facility, the requirements of the Transmission Grid and the requirements of any Governmental Authorities. Topics covered in the Operating Procedures shall include, without limitation, the method for day-to-day communications, key personnel lists for both Seller and Purchaser, outage reporting and scheduling, forms of monthly capacity reports, daily capacity reports and energy reports, unit operations logs to be maintained, clearances and switching practices.

9.3.2 The Parties agree to implement in good faith from time to time any changes to the Operating Procedures which either Party has identified as being required at the relevant time.

9.4 Compliance by the Seller. The Seller shall, and shall ensure that its employees, agents and representatives shall do the same, use its best efforts to construct, operate, maintain and insure the Facility in accordance with (a) this Agreement, (b) the Operating Limits, (c) Prudent Utility Practice, (d) the Operating Procedures, (e) the published Transmission Grid Code, (f) any applicable Governmental Approvals and Laws (including the Act) including any environmental guidelines, occupational health and safety standards and (g) any applicable maintenance and repair guidelines. The costs of implementing any "Changes in Law" shall be to the Purchaser's account.

9.5 Compliance by the Purchaser. The Purchaser shall, and shall ensure that its employees, agents and representatives shall do the same, use its best efforts to operate, maintain and insure the Interconnection Facilities in accordance with (a) this Agreement, (b) the Operating Limits, (c) Prudent Utility Practice, (d) the Transmission Grid Code, (e) any applicable Governmental Approvals and Laws (including the Act) including any environmental guidelines, occupational health and safety standards and (f) any applicable maintenance and repair guidelines.

9.6 Personnel. The Seller may appoint an Operator to operate the Facility in accordance with this Agreement and, if so appointed, shall ensure compliance by the Operator with the terms of this Agreement. The Seller shall employ only personnel (management, supervisory or otherwise) who are qualified and experienced in (i) operating and maintaining facilities similar to the Facility and (ii) coordinating operation of the Facility with the Transmission Grid. The Seller shall ensure that sufficient personnel are available at all times during operation of the Facility.

9.7 Operation of Facility and Transmission Grid. The Seller shall operate the Facility and the Purchaser shall operate the Interconnection Grid and Transmission Grid such

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that, subject to Prudent Utility Practice, Net Energy Output delivered by the Seller is as close as possible to Net Energy Output requested by the Purchaser in a Dispatch Instruction.

9.8 Control of Reactive Power. The Seller's synchronous generation system shall be designed, operated and controlled within the Operating Limits and the published Transmission Grid Code to provide reactive power in accordance with the Dispatch Instructions issued in accordance with this Agreement, all of which shall be in accordance with Prudent Utility Practice. The Purchaser shall use reasonable efforts to maintain a power factor near to unity on the Transmission Grid.

9.9 BEL's License. The Purchaser shall at all times comply with BEL's License and shall use its best efforts to ensure that BEL's License is renewed or extended to a date which falls after the expiry of the Term and shall disclose to the Seller all information which is available to it and which relates or might be relevant to the Facility, the transactions contemplated by, or any right of the Seller under, this Agreement.

The Term of this Agreement extend beyond the termination date of the current BEL licence, and the energy is priced based on this longer term on the understanding that (a) the BEL licence will be renewed and extended, or (b) in the alternative that the Successor entity is bound by the terms of this agreement.

10. **Outages, Emergencies and Force Majeure**

10.1 Scheduled Outages.

10.1.1 On the day which falls sixty (60) days before the Scheduled Commercial Operation Date and on or before November 1 of each Contract Year, the Seller shall deliver to the Purchaser written notice of the dates for Scheduled Outages for the next Contract Year and the reasons for such Scheduled Outages. The Committee of Operation shall coordinate and agree on the scheduling of all Scheduled Outages. Subject to the limits described in this Article 10.1, Scheduled Outages shall be scheduled in accordance with Prudent Utility Practice and manufacturers' recommendations. From time to time during each Scheduled Outage, the Seller shall keep the Purchaser apprised of the status of the Facility and the expected duration of that Scheduled Outage.

10.1.2 The Purchaser shall coordinate the maintenance programmes for the Interconnection Facilities with Scheduled Outages so as to minimize any disruption to the operation of the Facility. The Committee of Operation shall coordinate and agree on the scheduling of all such maintenance programmes.

10.2 Maintenance Outages. In addition to Scheduled Outages, the Seller may schedule additional hours of Maintenance Outages **provided that** the Seller must deliver to the Purchaser, as soon as reasonably possible but in any event not later than twenty-four (24) hours prior to commencement of a proposed Maintenance Outage, prior written notice of the reason for the maintenance, the start time and the anticipated duration of the Maintenance Outage.

10.3 The Committee of Operations shall ensure that Scheduled Outages and Maintenance Outages are scheduled so as to minimize disruption to the operation of the Facility

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and the Purchaser shall ensure that no preference or priority is given to any other providers of electrical energy to the Purchaser (including, without limitation, those providers which are affiliated or controlled by the Purchaser) in relation to the timing of their scheduled outages and/or maintenance outages in circumstances where such timing conflicts or would conflict with the timing proposed by the Seller.

10.4 Forced Outages.

10.4.1 Promptly upon the occurrence of a Forced Outage, the Seller shall notify the Control Centre thereof.

10.4.2 If such Forced Outage is continuing forty-eight (48) hours after it first occurred, the Seller shall deliver to the Purchaser a written notice describing, to the extent that it is aware thereof, (i) the nature and cause of the Forced Outage, (ii) the expected restoration date or time and (iii) the measures being implemented to remedy the cause(s) of that Forced Outage.

10.5 Emergencies.

10.5.1 Not less than forty-five (45) days prior to the Test Date, the Committee of Operation shall agree to written procedures for operating the Facility during an Emergency which shall be consistent with the Design Limits, Permit Limits and safe operation of the Facility. Such Emergency procedures shall include recovery procedures following a local or widespread electrical blackout and voltage reduction procedures in order to effect load curtailment. Each of the Seller and the Purchaser shall use their best efforts to comply with such procedures in the event of an Emergency.

10.5.2 During an Emergency, the Seller shall supply such electrical energy as the Facility is able to generate and the Purchaser is able to receive in accordance with Prudent Utility Practice and within the Operating Limits and this Agreement.

10.6 Force Majeure Event.

10.6.1 Except as expressly provided in this Agreement, neither Party (the "**Claiming Party**") shall be in breach of its obligations under this Agreement or be otherwise liable to the other Party (the "**Non-Claiming Party**") for any delay in performance or any non-performance of any such obligations (other than payment obligations) if and to the extent that such delay or non-performance is due to a Force Majeure Event **provided that**:

- (a) the Claiming Party could not have avoided the effect of the Force Majeure Event by taking precautions which, having regard to all matters known to it before the occurrence of the Force Majeure Event and all other relevant factors, it ought reasonably to have taken but did not take and such Force Majeure Event was beyond the reasonable control of the Claiming Party;
- (b) the Claiming Party has used its reasonable endeavours to mitigate the effect of the Force Majeure Event and remedy any inability to perform its obligations under this Agreement due to such Force

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Majeure Event **provided that** the Claiming Party shall not be obliged to take any such steps if the Facility is no longer economically viable or technically viable due to, or as a direct or indirect result of, such Force Majeure Event.

10.6.2 A "**Force Majeure Event**" shall be defined as any event or circumstance or combination of events or circumstances beyond the control of the Claiming Party that satisfies Article 10.6.1 and materially and adversely affects the Claiming Party in the performance of its obligations (other than its payment obligations) in accordance with the terms of this Agreement, such events and circumstances to include, without limitation:

- (a) flood, earthquake, tornado, hurricane, storm, fire, civil disobedience, labor disputes (other than between the Claiming Party and its employees), sabotage, war, drought;
- (b) restraint by court order or public authority (whether valid or invalid) not resulting from any improper or illegal action or inaction of the Claiming Party;
- (c) any action or failure to act on the part of a Government Authority not resulting from any improper or illegal action or inaction of the Claiming Party; or

10.6.3 The Claiming Party shall notify the Non-Claiming Party in writing of the occurrence of a Force Majeure Event as soon as reasonably possible, and in any event within forty-eight (48) hours after the Claiming Party knew, or ought reasonably to have known, of its occurrence and that the Force Majeure Event would be likely to have an impact on the performance of its obligations under this Agreement. Any notice pursuant to this Article shall set out full particulars of:

- (a) the nature of each Force Majeure Event which is the subject of any claim for relief;
- (b) the effect which such Force Majeure Event is having or had on the Claiming Party's performance of its obligations hereunder;
- (c) the measures which the Claiming Party is taking, or proposes to take, to mitigate the impact of each Force Majeure Event;
- (d) the expected duration of the Force Majeure Event (if known); and
- (e) any other information relevant to the Claiming Party's claim.

10.6.4 For so long as the Claiming Party continues to claim to be affected by a Force Majeure Event, it shall provide the Non-Claiming Party with regular (and not less than monthly) written reports containing:

- (a) the information required by Article 10.6.3; and

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- (b) such other information and evidence as the Non-Claiming Party may reasonably request concerning the Claiming Party's claim.

10.6.5 The Claiming Party shall promptly notify the Non-Claiming Party in writing when any Force Majeure Event, which is the subject of any claim, ceases or when there is a material change in its impact on the Claiming Party's performance of its obligations under this Agreement.

10.6.6 Upon the occurrence of a Force Majeure Event, the Scheduled Commercial Operation Date and any other deadlines for the performance of obligations under this Agreement by the Claiming Party shall be extended to the extent reasonably necessary to compensate for the delay experienced by that Claiming Party **provided that**:

- (a) the performance by the Claiming Party of its obligations hereunder is resumed promptly upon the cessation of such Force Majeure Event;
- (b) the Force Majeure Event was not caused by, or the result of (i) any negligent acts or willful misconduct on the part of the Claiming Party; (ii) any failure by the Claiming Party to comply with any Law; or (iii) any breach or default by the Claiming Party of any term of this Agreement.

10.6.7 If a Force Majeure Event causes a breakdown of communications such that a Party is unable to serve notice under this Agreement, the period for the serving of such notice shall be extended for every day whilst such Force Majeure Event prevents the service of such notice.

10.6.8 In the event that one or more consecutive Force Majeure Events delays or prevents a Party's performance for a period in aggregate exceeding ninety (90) days and **provided that** the Claiming Party is not responsible for the occurrence or continuation of such Force Majeure Event(s), the Term shall be extended by a period equal to the duration or the aggregate of the durations of such Force Majeure Event(s) subject to the following conditions:

- (a) the performance by the Claiming Party of its obligations hereunder is resumed promptly upon the cessation of each Force Majeure Event; and
- (b) (if the Claiming Party is the Seller) the Term shall be extended only to the extent that the Seller has not received payment or insurance proceeds in an amount equal to the full revenue which would have been received by it from the Purchaser in the absence of such Force Majeure Event(s).

10.6.9 Notwithstanding anything to the contrary contained in this Agreement, the Seller shall never be required to control and/or operate the Facility in a manner which (i) is inconsistent with the Permit Limits or Design Limits, (ii) might reasonably be expected to cause damage to the Facility or (iii) may cause physical injury to any individual.

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11. Administration

11.1 Books and Records; Information.

11.1.1 Each Party shall keep proper books of record and account, in which full and correct entries shall be made of all dealings and transactions of, or in relation to, its business and affairs in accordance with generally accepted accounting principles in Belize and consistently applied.

11.1.2 All such records shall be maintained for a minimum of seven (7) years after the creation of such records and for any additional length of time required by applicable law.

11.1.3 The Seller shall maintain accurate and up-to-date operating logs and work order history, as appropriate, at the Facility with records of real and reactive power production for each clock hour, changes in operating status, Scheduled Outages, Maintenance Outages, Forced Outages and any unusual conditions found during inspections. The Seller shall require that all major equipment inspections be recorded with a reasonable amount of detail and consistent with Prudent Utility Practice. Operating logs for the Facility shall be maintained throughout the life of the Facility.

11.1.4 Each Party shall have the right, upon three (3) Business Days prior written notice to the other Party, to examine and/or make copies of the records and data of the other Party relating to transactions contemplated by this Agreement and the operation of the Facility, the Interconnection Facilities and the Transmission Grid at any time during normal office hours during the period such records and data are required to be maintained. In the case of any event or circumstance which affects or might reasonably be expected to affect the safety, security or operation of the Facility, the Interconnection Facilities or the Transmission Grid, the requirement for written notice shall be waived.

12. Dispatch Procedures

12.1 Dispatch.

12.1.1 The Purchaser shall, pursuant to a Dispatch Instruction (i) request the Seller to Dispatch electrical energy in accordance with this Article 12 and (ii) accept delivery of Net Energy Output at the Delivery Point.

12.1.2 Except as otherwise provided herein, from and at any time after the Commercial Operation Date, the Seller shall Dispatch the electrical energy requested by the Purchaser in a Dispatch Instruction to the Delivery Point.

12.1.3 The Purchaser shall cause the Control Centre to accept and deliver Net Energy Output in accordance with the Dispatch Procedures and the operating conditions of the Transmission Grid.

12.1.4 The Purchaser shall Dispatch the Facility in such a manner so as not to cause the Seller to spill or otherwise inefficiently use water and shall be responsible to pay the

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Seller an amount equivalent to the value of the energy (based on contract prices) from such water wastage, except in a Force Majeure Event. The Seller will advise the Purchaser (Dispatch) if it feels the Dispatch Instruction will result in the spilling or wasting of water. Additionally, the Seller and the Purchaser agree not to operate the upstream facilities in a manner which negatively impacts this Agreement

12.2 Dispatch Instruction.

12.2.1 Not later than 16:00 hrs on any day, the Seller shall deliver to the Purchaser an advance projection of Declared Available Capacity for the next Dispatch Period. Such advance projection shall, if possible, be delivered by email or telephone and shall be confirmed in writing by the Seller by delivery to the Purchaser of a duly completed Available Capacity Declaration.

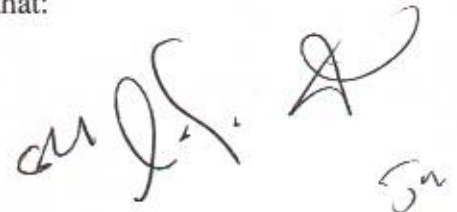
12.2.2 If, at any time prior to the commencement of the relevant Dispatch Period, the Seller determines that the advance projection delivered by the Seller pursuant to Article 12.2.1 is no longer accurate, the Seller shall deliver to the Purchaser an amended Available Capacity Declaration without being required to give a reason therefor.

12.2.3 Not later than 19:00 hrs on any day, the Purchaser shall deliver to the Seller a request for delivery of electrical energy and capacity projected to be required by it during the next Dispatch Period, which shall not exceed the Declared Available Capacity for that Dispatch Period and must be based on the best knowledge of the amount of water available for the period.. Such request shall, if possible, be delivered by telephone and shall be confirmed by the Purchaser to the Seller by delivery of a duly completed Dispatch Instruction.

12.2.4 The Purchaser may, in relation to any Dispatch Period, vary the amount of electrical energy and capacity requested by it in a Dispatch Instruction, but not exceeding the Declared Available Capacity for that Dispatch Period, by notifying the Seller thereof by telephone, followed by delivery of a substitute Dispatch Instruction which must be delivered to the Seller not later than thirty (30) minutes prior to the clock hour during which such electrical energy was scheduled to be Dispatched.

12.2.5 Not less than five (5) Business Days prior to the end of any calendar month, the Seller shall deliver to the Purchaser an advanced projection of the Declared Peak Period Firm Capacity for each Dispatch Period in the next calendar month. Such advance projection shall be delivered to the Purchaser in the form of a duly completed Peak Period Availability Capacity Declaration.

12.2.6 If at any time during the applicable calendar month the Seller determines that the advance projection delivered by the Seller pursuant to Article 12.2.5 is no longer accurate, the Seller shall be entitled to amend the Declared Peak Period Firm Capacity for any Dispatch Period in the applicable month by delivery to the Purchaser of a notice amending the Declared Peak Period Firm Capacity for the Dispatch Period so affected. The Seller shall deliver the notice in writing and the Purchaser shall accept the notice and the amendment to the Declared Peak Period Firm Capacity for the applicable Dispatch Period provided that:

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- (a) for the calendar months of March, April and May, the Seller delivers the notice not less than five (5) Business Days prior to the Dispatch Period affected by the amendment; and
- (b) for all other calendar months of the year, the Seller delivers the notice not less than forty eight (48) hours prior to the Peak Period affected by the amendment.

12.3 Failure to Dispatch.

12.3.1 Upon the occurrence of a Force Majeure Event or Forced Outage and for so long as it is continuing, the Seller may deliver such electrical energy as it is reasonably able to deliver after allowing for Energy Allocation for Facility **provided that** the Seller shall have informed the Purchaser of the occurrence of such a Force Majeure Event or Forced Outage promptly upon becoming aware thereof.

12.3.2 The Seller shall not be liable for any failure by the Seller to deliver the whole or any part of the electrical energy requested by the Purchaser in a Dispatch Instruction if such failure occurred as a result of:

- (a) any partial or complete interruption or reduction in Availability following an order or instruction given to the Seller by the Control Centre or any Governmental Authority for whatever reason (and whether or not a reason was given) including, but not limited to, any limitations on the Transmission Grid;
- (b) the failure of the Purchaser to arrange for transmission of Net Energy Output beyond the Delivery Point; or
- (c) the failure of the Purchaser to accept delivery of Net Energy Output at the Delivery Point.

12.3.3 The Parties agree to implement in good faith any changes to the Dispatch Procedures as set forth in this Article 12 which may be agreed to by the Committee of Operation from time to time.

13. **Electric Metering**

13.1 Ownership of Meters.

13.1.1 The Purchaser shall own and maintain the Energy Metering Facilities and the Import Metering Facilities.

13.1.2 The Seller shall own and maintain the Check Meter Facilities.

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13.2 Meter Usage Testing and Inspection.

13.2.1 The Energy Metering Facilities shall be used to determine the Net Energy Output delivered by the Seller to the Purchaser at the Delivery Point.

13.2.2 The Check Metering Facilities shall be used to check the accuracy of the Energy Metering Facilities and to provide back-up metering facilities in the event of faults occurring in the Energy Metering Facilities.

13.2.3 Each Party will notify the other when the meters are to be inspected, calibrated, tested or adjusted, giving not less than seven (7) days prior written notice thereof. Calibration and testing shall be carried out at least once per calendar year and from time to time as may be required by either Party at any time following the occurrence of any discrepancy between the Energy Metering Facilities and the Check Metering Facilities. The other Party shall be entitled to have a representative present and to receive copies of all test and calibration reports.

13.3 Meter Reading Corrections.

13.3.1 If, at any time and in relation to any Relevant Period (as defined below), either Party (acting reasonably) determines that the Energy Metering Facilities have not registered the true amount of Net Energy Output which was delivered by the Seller to the Delivery Point during that Relevant Period, such Net Energy Output shall be determined by the Committee of Operation by reference to the records of the Check Metering Facilities.

13.3.2 The Committee of Operation shall determine (i) the Relevant Period and (ii) the amount of any balancing payments due from the Purchaser to the Seller or from the Seller to the Purchaser (as the case may be) in respect of that Relevant Period by calculating the difference between the Net Energy Output registered by the Energy Metering Facilities and the Net Energy Output registered by the Check Metering Facilities during the Relevant Period.

13.3.3 Where "**Relevant Period**" means (i) (if the actual period can be determined by the Committee of Operation) the actual period during which different amounts of Net Energy Output were registered by the Energy Metering Facilities and the Check Metering Facilities or (ii) (if the actual period cannot be determined by the Committee of Operation) a period equal to one-half (1/2) of the time elapsed since the most recent test of the Energy Metering Facilities **provided that** a Relevant Period under paragraph (ii) shall not at any time exceed twelve (12) Months.

13.4 Meter Repair. If either Party discovers that any component of the Energy Metering Facilities or the Check Metering Facilities is found to be outside acceptable limits of accuracy or is otherwise not functioning properly, it shall notify the other Party thereof and (in the case of the Energy Metering Facilities) the Purchaser and (in the case of the Check Metering Facilities) the Seller shall forthwith repair, recalibrate or replace such component (as required) and shall notify the other Party promptly upon the completion of any examination, maintenance, repair, recalibration or replacement thereof.

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13.5 Metering of Imported Electrical Energy to the Facility.

13.5.1 The Imported Metering Facilities shall be used to determine the delivery by the Purchaser to the Seller of electrical energy to the Facility.

13.5.2 In relation to any Billing Period, payment due by the Seller for Imported Energy Consumed by the Facility may be set-off against payment due by the Purchaser for Net Energy Output for that Billing Period **provided that** for the purpose of calculating the Purchaser's energy purchase guarantee in Section 18 or otherwise in determining the electrical energy supply or capacity of the Facility the actual amounts of electrical energy consumed or delivered (as the case may be) shall apply.

14. **Access and Non-interference**

14.1 The Seller hereby grants, and shall procure that the Facility shall grant to the Purchaser (including the Purchaser's duly authorized agents and representatives) a right of access, at reasonable hours (and, in an emergency as reasonably defined by the Purchaser in accordance with Prudent Utility Practice, immediately upon request) to the Facility in order to construct, install, operate, maintain, repair, replace, inspect and remove the Purchaser's equipment and facilities consistent with the Purchaser's obligations and rights under this Agreement provided that such right of access shall:

- (a) expire automatically on the last day of the Term;
- (b) exist only to the extent necessary for the Purchaser to verify the Seller's compliance with this Agreement; and
- (c) extend only to such parts of the Facility in which the Purchaser has placed its equipment; and
- (d) exist only to the extent necessary for the Purchaser to construct part of the Interconnection Facilities on land which forms part of the Facility,

and provided further that in no event shall such right interfere with the Seller's rights of ownership and operation of the Facility.

14.2 The Purchaser shall ensure that, during periods of access to the Facility, the Purchaser's personnel and/or agents shall at all times comply with health, safety and security rules or regulations applicable in respect of the Facility (as the case may be) and the Seller shall not be liable for any loss or damage to any Person which results (directly or indirectly) from any failure by the Purchaser's personnel and/or agents so to comply PROVIDED nonetheless that the Seller shall take reasonable steps to post in a conspicuous manner or otherwise provide notice of the applicable safety and security rules or regulations .

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14.3 The Seller shall, at the request and sole cost and expense of the Purchaser, execute such documents as may reasonably be required formally to record such right of access of the Purchaser.

15. **Payment and Billing**

15.1 Delivery and Form of Invoice.

15.1.1 On or after the fifth (5) day of each calendar month following a Billing Period, the Seller shall deliver to the Purchaser a detailed written invoice in respect of Net Energy Output for the Billing Period most recently ended. Each invoice shall specify amounts owed by the Purchaser to the Seller and, if applicable, amounts owed by the Seller to the Purchaser.

15.1.2 Each original invoice shall be in paper format and the Seller shall provide an electronic copy of each such invoice.

15.1.3 Each invoice shall be in a form agreed to by the Committee of Operation from time to time and shall include the amount which is owing by the Purchaser to the Seller and the amount of energy delivered indicating:

- (a) any adjustments in respect of any differences between Net Energy Output as measured by the Energy Metering Facilities and the Check Metering Facilities;
- (b) any other amounts owed by the Purchaser to the Seller; and
- (c) any other amounts owed by the Seller to the Purchaser under or pursuant to this Agreement and which are to be set-off against the amount due from the Purchaser to the Seller for the applicable Billing Period.

15.2 Payment and Payment Disputes

15.2.1 The Purchaser shall pay the amount specified in the relevant invoice within twenty (20) days of delivery of that invoice by the Seller to the Purchaser.

15.2.2 Invoices shall be denominated in US Dollars and payments shall be made in US Dollars same day funds on the date of payment.

15.2.3 If any amounts are owing by the Seller to the Purchaser under this Agreement and if such amounts are not specified on the relevant invoice, the Purchaser may submit to the Seller a separate invoice. Except as otherwise set forth herein, the Seller shall pay such invoice within twenty (20) days of delivery of that invoice by the Purchaser to the Seller.

15.3 If a Party reasonably believes that an invoice is inaccurate, it shall notify the other Party thereof within five (5) days of delivery of that invoice and the Parties shall enter

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into negotiations with a view to resolving any dispute in accordance with Article 25.1 (*Mutual Discussion*). Any adjustments to which the Parties shall agree shall be made by a credit or an additional charge on the next invoice rendered.

15.4 If the Parties are unable to resolve the dispute in this manner, the dispute shall be resolved in accordance with Article 25.2 (*Arbitration Generally*) **provided that** (i) any amount (or part thereof) specified on the relevant invoice which is undisputed shall be promptly paid and (ii) any disputed amounts required to be paid as a result of resolution of a dispute shall be paid within ten (10) days after resolution of such dispute and shall be paid together with Default Interest on that disputed amount from the date the payment should originally have been made until payment is received by the relevant Party in freely available funds.

15.5 Any payment due hereunder but not made by a Party on its due date and not subject to a dispute will incur Default Interest from the time payment was due until the time payment was actually received by the other Party provided that such payment shall remain due and payable and this Article 15.5 shall not be construed as agreement by the other Party to any delay or deferral thereof.

15.6 Same-Day Funds. Notwithstanding anything contained in this Agreement to the contrary, all payments to be made under this Agreement shall be made by wire transfer of freely available same-day funds to such account as the Party receiving such payment shall have specified. If the applicable payment due date is not a Business Day, the payment shall be due on the immediately preceding Business Day.

16. Security for the Purchaser's Payment Obligations

16.1 The Purchaser shall comply with the provisions of the Electricity Act, the Public Utilities Commission Act and the BEL's License in respect of its payment obligations under this Agreement and shall co-operate and comply with PUC's instructions to remedy any payment default under this Agreement.

17. Compensation

The payments in this Clause are based on an estimated capital cost of United States Dollars fifty two million five hundred thousand (US\$52.5 million) hereinafter called the Base Capital Cost.

17.1 Capacity Payment. The Purchaser shall pay to the Seller an amount of US\$200,000.00 per month during the term of the Agreement.

17.2 Net Energy Output Payment. The Purchaser shall pay to the Seller an amount of US\$0.0755 per kilowatt hour for all Net Energy Output produced and delivered under this Agreement.

17.3 Escalation. The above rates shall both be subject to an annual escalation adjustment commencing in the year 2010 based on 50% of the annual change in the US Producer's Price Index published by the Bureau of Labor Statistics, United States of America, Department of Labor, or its replacement index in the immediately preceding 12 month period.

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17.4 Base Tariff. The Base Tariff shall be that price applicable to Capacity and Energy on the Scheduled Commercial Operation Date.

18. True Availability Factor

The Seller acknowledges and agrees that the dependable operation of the Facility is essential to the Purchaser. Accordingly, for each Contract Year, an availability factor (the "**True Availability Factor**") shall be calculated in accordance with the following formula:

$$\text{TAF}_y = \left(\frac{\left[\sum_1^{HY - (FMh + OLh)} (FC_i \times AH_i) \right] + [FC \times (FMh + OLh)]}{[FC \times HY]} \right)$$

Where:

TAF_y = True Availability Factor for the applicable Contract Year "y";

i = each hour in the applicable Contract Year "y";

FC = Firm Capacity in kW;

AH_i = each hour of the Contract Year that the Facility is available to supply all or part of the Firm Capacity;

FC_i = Declared Firm Capacity in kW available for the hour in the applicable Contract Year, which shall be no more than the Firm Capacity FC plus 5%. For the purpose of calculating TAF_y, FC_i for any particular hour shall not be greater than FC;

FMh = Total number of hours in the applicable Contract Year that the Facility has been off line or not able to supply the Firm Capacity due to Force Majeure;

OLh = Total number of hours in the applicable Contract Year that the Facility has not been available to supply the Firm Capacity due to actions or instructions of the Purchaser.

HY = number of hours in the applicable Contract Year "y".

In the evaluation of this formula the term "hours" shall include fractions of an hour.

The above calculation shall be adjusted as required to give effect to the available stream flow.

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19. N/A

20. **Tariff Adjustment.**

20.1 If during the Term of the Agreement there are material unanticipated changes in:

- (a) capital cost of the project (for the purpose of this clause, the cost of the project shall be limited to the total cost of construction [including land, engineering, environmental/regulatory costs] and of financing the Facility); or
- (b) operating costs of the project (for the purpose of this clause, the cost of operating and maintaining the Facility shall be limited to the cost of staffing, spares, consumables, supplementary fuels, insurances and debt service; or
- (c) financing terms and conditions of the project (for the purpose of this clause the terms and conditions of financing shall be limited to the loan tenor, rate, ratio requirements and conditions precedent); or
- (d) taxes or levies by any local or state government in Belize.

due to circumstances which could not be reasonably foreseen or controlled by the Seller, then the Seller may apply to the PUC for an increase/decrease in the Base Tariff to restore the viability and financial return of the project to that contemplated upon execution of this Agreement subject to any laws or bylaws which may apply.

20.2 For the purpose of clause 20.1 (a) if the cost is within +/- US\$1 million of the Base Capital Cost, no change in the Base Tariff shall occur. If the completed construction cost varies in excess +/- US\$1 million, the Seller in consultation with the Purchaser shall apply to the PUC for a change to the Base Tariff. Changes to the Capital Cost that will be endorsed by the Purchaser/Seller shall be limited to US\$5.0 million from the Base Capital Cost estimate. The estimated cost of the project is US\$52.5 million [Base Capital Cost].

21. **Representations and Warranties**

21.1 Representations and Warranties of the Seller. The Seller represents and warrants to the Purchaser as of the Agreement Date as follows:

21.1.1 The Seller is a corporation duly organized, validly existing and in good standing under the Laws of Belize and the Seller has all requisite power and has (or, at the appropriate time therefore will have) the authority to conduct its business, to own its properties and to execute, deliver and perform its obligations under this Agreement.

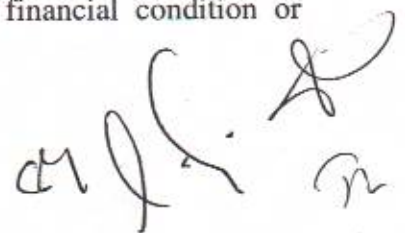
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21.1.2 The execution, delivery, and performance of its obligations under this Agreement by the Seller have been duly authorized by all necessary corporate action, and do not and shall not:

- (a) require any consent or approval of the Seller's shareholders which has not been obtained and each such consent and approval that has been obtained is in full force and effect;
- (b) violate any provision of any applicable Law, the violation of which could reasonably be expected to have a material adverse effect on the ability of the Seller to perform its obligations under this Agreement;
- (c) result in a breach of, or constitute a default under, any provision of the articles of incorporation of the Seller;
- (d) result in a breach of, or constitute a default under, any agreement relating to the management or affairs of the Seller, any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Seller is a party or by which the Seller or its properties or assets may be bound, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of the Seller to perform its obligations under this Agreement; or
- (e) result in, or require the creation or imposition of any mortgage, trust, pledge, lien, charge or other encumbrance of any nature (other than as may be contemplated by this Agreement) upon or with respect to any of the assets or properties of the Seller now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of the Seller to perform its obligations under this Agreement.

21.1.3 This Agreement constitutes legal, valid, binding and enforceable obligations of the Seller, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws applying to companies whose business is comparable to that of the Seller or affecting the rights of creditors of such companies generally and subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including (i) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (ii) concepts of materiality, reasonableness, good faith and fair dealing.

21.1.4 There is no pending or, to the best of the Seller's knowledge, threatened action or proceeding against the Seller before any court, Government Authority or arbitrator that could reasonably be expected materially and adversely to affect the financial condition or

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operations of the Seller or the ability of the Seller to perform its obligations hereunder, or that purports to affect the legality, validity or enforceability of this Agreement.

21.2 Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Seller as of the Agreement Date as follows:

21.2.1 The Purchaser is a corporation, duly organized, validly existing and in good standing under the Laws of Belize and the Purchaser has the full legal right, power and authority to conduct its business, to own its properties and to execute, deliver and perform its obligations under this Agreement.

21.2.2 The execution, delivery, and performance of its obligations under this Agreement by the Purchaser have been duly authorized by all necessary corporate action, and do not and shall not:

- (a) require any consent or approval of the Purchaser's board of directors or any of the Purchaser member which has not been obtained and each such consent and approval that has been obtained is in full force and effect;
- (b) violate any provision of any Law, rule, regulation, order, writ, judgment, injunction, decree, determination, Governmental Approval, or award having applicability to the Purchaser, the violation of which could reasonably be expected to have a material adverse effect on the ability of the Purchaser to perform its obligations under this Agreement;
- (c) result in a breach of, or constitute a default under, any provision of the articles of incorporation or by-laws of the Purchaser;
- (d) result in a breach of, or constitute a default under, any agreement relating to the management or affairs of the Purchaser or any indenture or loan or credit agreement or any other agreement, lease, or instrument to which the Purchaser is a party or by which the Purchaser or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of the Purchaser to perform its obligations under this Agreement; or
- (e) result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this Agreement) upon or with respect to any of the assets or properties of the Purchaser now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of the Purchaser to perform its obligations under this Agreement.

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21.2.3 This Agreement constitutes a legal, valid, binding and enforceable obligation of the Purchaser, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws applying to companies whose business is comparable to that of the Purchaser relating to or affecting the rights of creditors of such companies generally and except as the enforceability of this Agreement is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including (i) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (ii) concepts of materiality, reasonableness, good faith and fair dealing.

21.2.4 There is no pending or, to the best of the Purchaser's knowledge, threatened action or proceeding affecting the Purchaser before any court, Government Authority or arbitrator that could reasonably be expected materially and adversely to affect the financial condition or operations of the Purchaser or the ability of the Purchaser to perform its obligations hereunder, or that purports to affect the legality, validity or enforceability of this Agreement.

22. Insurance

22.1 At the Seller's own cost and expense, the Seller shall purchase and maintain a policy or policies of liability insurance in amounts that are (in the opinion of the Seller) reasonable given the size of the Facility and the availability of insurance covering the Seller's ownership, occupation, and running of the Facility, which policy or policies shall name the Purchaser as the co-assured party. If required by the Lenders, the Seller shall have the right to name the Lenders as additional co-assured parties and as sole loss payees.

23. Indemnification and Liability

23.1 Indemnification.

23.1.1 Each Party (the "Indemnifying Party") shall indemnify, defend and hold the other Party (the "**Indemnified Party**") and its officers, directors, partners, affiliates, agents, employees, contractors and subcontractors harmless from and against any and all Claims, to the extent caused by any negligent act or omission or willful misconduct of the Indemnifying Party or the Indemnifying Party's own officers, directors, partners, affiliates, agents, employees, contractors or subcontractors or to the extent such Claims arise out of, or are in any manner connected with, any breach of this Agreement by such Indemnifying Party.

23.1.2 The Indemnified Party shall notify the Indemnifying Party as soon as reasonably practicable of any such Claims in respect of which it is or may be entitled to indemnification. The Indemnifying Party shall be entitled, at its option and expense and with counsel of its selection, to assume and control the defense of any such Claims in respect of, resulting from, relating to, or arising out of, any matter for which it is obligated to indemnify the Indemnified Party hereunder **provided that** if the defendants in respect of any such Claim include both the Indemnifying Party and the Indemnified Party, and the Indemnified Party reasonably concludes that there may be defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Party or other Indemnified Persons shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of

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such Indemnified Party or other Indemnified Persons. The Indemnified Party shall be entitled to settle or compromise any such Claim without the prior written consent of the Indemnifying Party **provided that** if the Indemnifying Party agrees in writing to indemnify the Indemnified Party, the Indemnified Party may not settle or compromise any such Claim without the consent of the Indemnifying Party. If an Indemnified Party settles or compromises any such Claim in respect of which it would otherwise be entitled to be indemnified by the Indemnifying Party without the prior written consent of the Indemnifying Party when such consent is required by this Agreement, the Indemnifying Party shall be excused from any obligation to indemnify the Indemnified Party making such settlement or compromise.

23.2 Joint Negligence. In the event injury or damage results from the joint or concurrent negligent or intentional acts or omissions of the Parties, each Party shall be liable under this indemnification in proportion to its relative degree of fault.

23.3 Limitations of Liability, Remedies and Damages. Except to the extent of the Security provided by the Seller pursuant to Article 5.1 (*Penalty*), each Party acknowledges and agrees that in no event shall any partner, shareholder, owner, officer, director, employee, or Affiliate of either Party be personally liable to the other Party for any payments, obligations, or performance due under this Agreement or any breach or failure of performance of either Party, and, except to the extent of the Security provided by the Seller pursuant to Article 5.1 (*Penalty*), the sole recourse for payment or performance of the obligations under this Agreement shall be against the Seller or the Purchaser and each of their respective assets and not against any other Person (except for such liability as is expressly assumed by an assignee pursuant to an assignment of this Agreement in accordance with the terms hereof).

24. **Defaults and Termination**

24.1 Event of Default.

24.1.1 The occurrence of any one of the following events or circumstances shall constitute an Event of Default by the Purchaser, unless it is caused by (i) a material breach of this Agreement by the Seller or (ii) a Force Majeure Event which is continuing **provided that** any failure by the Purchaser to make a payment hereunder at the time and in the place specified therefore shall constitute a material breach of this Agreement notwithstanding that a Force Majeure Event is continuing:

- (a) the Purchaser fails to make payments for amounts due under this Agreement to the Seller at the time and in the place specified therefore unless such payment is received by the Seller within thirty (30) Business Days after delivery of written demand for such payment from the Seller;
- (b) the Purchaser fails to comply with any material provision of this Agreement (other than the obligation to pay money when due in accordance with paragraph (a) above), and such failure is continuing for sixty (60) days after the day on which the Seller has delivered written notice thereof to Purchaser;

- (c) the Purchaser: (i) admits in writing its inability to pay its debts as such debts become due; (ii) makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or (iii) fails to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it under any bankruptcy or similar Law;
- (d) any proceeding or case is commenced, without the application or consent of the Purchaser, in any court of competent jurisdiction, seeking: (i) the Purchaser's liquidation, reorganization of its debts, dissolution or winding-up, or the composition or readjustment of its debts; (ii) the appointment of a receiver, custodian, liquidator or the like of the Purchaser or of all or any substantial part of its assets; or (iii) similar relief in respect of the Purchaser under any Law relating to bankruptcy, insolvency, reorganization of its debts, winding-up, composition or adjustment of debt provided that it shall not constitute an event of default if such proceeding or case is based on a frivolous and vexatious claim or any other claim in circumstances where such claim is being contested in good faith and by appropriate action and the same, if capable of remedy, is remedied within ninety (90) days from commencement;
- (e) the Purchaser makes an assignment in violation of Article 27 (*Assignment*);
- (f) any representation made by the Purchaser under Article 21.2 (*Representations and Warranties of the Purchaser*) is untrue in any material respect when made.

24.1.2 The occurrence of any one of the following events or circumstances shall constitute an Event of Default by the Seller, unless it is caused by (i) a material breach of this Agreement by the Purchaser or (ii) a Force Majeure Event which is continuing **provided that** any failure by the Seller to make a payment hereunder at the time and in the place specified therefore shall constitute a material breach of this Agreement notwithstanding that a Force Majeure Event is continuing:

- (a) the Seller fails to achieve a True Availability Factor of at least 0.9 (not including capacity factor) in any Contract Year; **provided that** it shall not constitute an Event of Default if such failure is cured within twelve (12) Months from its occurrence;
- (b) the Seller fails to make payments for amounts due under this Agreement to the Purchaser at the time and in the place specified therefore unless such payment is received by the Seller within thirty (30) Business Days after delivery of written demand for such payment from the Purchaser;

- (c) the Seller fails to comply with any material provision of this Agreement (other than the obligation to pay money when due in accordance with paragraph (b) above and those specific breaches for which damages are otherwise specified herein), and such failure is continuing for sixty (60) days after the day on which the Purchaser has delivered written notice thereof to the Seller;
- (d) the Seller: (i) admits in writing its inability to pay its debts as such debts become due; (ii) makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or (iii) fails to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it under any bankruptcy or similar Law;
- (e) any proceeding or case is commenced, without the application or consent of the Seller, in any court of competent jurisdiction, seeking: (i) the Seller's liquidation, reorganization of its debts, dissolution or winding-up, or the composition or readjustment of its debts; (ii) the appointment of a receiver, custodian, liquidator or the like of the Seller or of all or any substantial part of its assets; or (iii) similar relief in respect of the Seller under any Law relating to bankruptcy, insolvency, reorganization of its debts, winding-up, composition or adjustment of debt provided that it shall not constitute an event of default if such proceeding or case is based on a frivolous and vexatious claim or any other claim in circumstances where such claim is being contested in good faith and by appropriate action and the same, if capable of remedy, is remedied within ninety (90) days from commencement;
- (f) the Seller shall make an assignment in violation of Article 27 (*Assignment*);
- (g) any representation made by the Seller under Article 21.1 (*Representations and Warranties of the Seller*) shall be false in any material respect when made.

24.1.3 Remedies for Default Without prejudice to the non-defaulting Party's rights under Clause 24.2 (*Termination*), upon the occurrence and during the continuation of an Event of Default, the non-defaulting Party, at its election and in addition to such other rights or remedies as the non-defaulting Party may have hereunder, at law or in equity, may (but shall not be obliged to) serve notice requiring the defaulting Party to demonstrate, to the satisfaction of the non-defaulting Party, that reasonable measures have been planned or implemented to remedy such Event of Default.

24.1.4 At all times during the continuance of an Event of Default where the Seller is the defaulting Party and maintains actual possession and control of the Facility, the

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Seller shall use its reasonable efforts to operate and maintain the Facility otherwise in compliance with this Agreement.

24.1.5 Subject to the prior written consent of the Financing Parties and the PUC, if, during the continuance of an Event of Default, amounts are owed by the Seller to the Financing Parties under the Loan Documents, the Purchaser or its designee shall, if required to do so by the Financing Parties and in consultation with the Seller, temporarily undertake the operation and maintenance of the Facility at any time after the day which falls one hundred and eighty (180) days after the Purchaser has delivered a notice of Event of Default to the Seller or such earlier day as may be agreed between the Financing Parties, the Seller and the Purchaser. The Seller and the Purchaser shall jointly develop a procedure, including, without limitation, evaluation of the qualifications of the Purchaser's designee, to fulfill this requirement.

24.2 Termination. Upon the occurrence of an Event of Default which is continuing, the non-defaulting Party may serve notice establishing a date (the "**Early Termination Date**") on which this Agreement shall terminate, which date shall be no earlier than thirty (30) Business Days after the non-defaulting Party delivers a notice of termination to the defaulting Party.

24.3 Upon establishing the Early Termination Date, the non-defaulting Party shall, in good faith, calculate its damages and direct termination costs resulting from the termination of this Agreement and aggregate these damages and direct termination costs into a single amount (the "**Termination Payment**"). The non-defaulting Party shall notify the defaulting Party of the amount of the Termination Payment and, if the defaulting Party agrees with that amount, the defaulting Party shall pay such Termination Payment, together with any Default Interest that shall accrue from the Early Termination Date until the date the Termination Payment is made, within fifteen (15) Business Days after receipt of such notice. If the defaulting Party disputes the non-defaulting Party's calculation of the Termination Payment, the issue shall be decided according to Article 25 (*Resolution of Disputes*), and any Termination Payment determined thereby shall be due and payable within fifteen (15) Business Days after such determination.

24.4 Obligations Upon Termination. Upon expiration or termination of this Agreement, the Parties shall have no further obligations or liabilities hereunder except for those obligations and liabilities that (a) arose prior to such termination, or (b) expressly survive such termination pursuant to Article 29.11 (*Survival*).

24.5 Continuing Obligations: During the continuance of an Event of Default neither Party shall be relieved of any of its obligations or liabilities under this Agreement, including without limitation the Purchaser's obligations to take or pay for Net Energy Output associated with Firm Capacity until this Agreement is terminated in accordance with Article 24.2 (*Termination*).

25. **Resolution of Disputes**

25.1 Mutual Discussion. All disputes including, without limitation, any dispute in relation to a failure by the Committee of Operation to reach agreement on any issue

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shall, to the extent possible, be settled in the first instance by good faith discussions between designated senior officers of the Parties. If a dispute cannot be settled by discussions between designated representatives of the Parties within thirty (30) days from the commencement of such dispute (which commencement shall be deemed to occur upon delivery of notice from one Party to the other of the dispute), the dispute resolution procedure set forth in Article 25.2 (*Arbitration Generally*) of this Agreement shall be used to settle the matter.

25.2 Arbitration Generally. If a dispute cannot be settled in accordance with Article 25.1 (*Mutual Discussion*), then either Party may refer the dispute to arbitration under the Arbitration Laws of Belize as in effect on the date of such referral.

25.3 Selection of Arbitrators and Arbitral Award. The selection of Arbitrators and Arbitral Award shall be made in accordance with the Arbitration Laws of Belize

25.4 Enforcement of Award. By execution and delivery of this Agreement, each Party hereby (a) accepts and consents to the jurisdiction of the Arbitration Laws of Belize and, solely for purposes of the enforcement of an arbitral award under this Article 25.4, to the jurisdiction of any court of competent jurisdiction, for itself and in respect of its property, and (b) waives, solely for purposes of the enforcement of an arbitral award under this Article 20.4, for itself and in respect of its property, all defenses it may have as to or based on jurisdiction, improper venue or *forum non conveniens*. Each Party hereby irrevocably consents to the service of process or other papers by the use of any of the methods and to the addresses set out for the giving of notices in Article 22 (*Insurance*) hereof. Nothing herein shall affect the right of each Party to serve such process or papers in any other manner permitted by Law.

25.5 Performance during Arbitration. During the pendency of an arbitration, each Party shall continue to perform its obligations hereunder (unless such Party is otherwise entitled to suspend its performance hereunder or terminate this Agreement in accordance with the terms hereof), and neither Party shall refer or attempt to refer the matter in dispute to a court or other tribunal in any jurisdiction, except as provided in this Article 25.

25.6 Final and Binding. Subject to Article 25.7 awards made by the arbitral tribunal shall be final and binding on the Parties.

25.7 Notwithstanding Article 25.6 either party may appeal to the Supreme Court of Belize against the arbitration award (the "Award") within 21 days of the delivery of thereof upon the grounds of either "Error of Law" or "Serious Irregularity" as defined below:

"Error of Law" means an erroneous interpretation or application of a point of law (or points of law) which caused the decision to be wrong to the prejudice of the appealing party;

"Serious Irregularity" means an irregularity of one or more of the following kinds which the Court considers has caused or will cause substantial injustice to the appellant:

- (a) The tribunal exceeded its powers

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- (b) The tribunal failed to conduct the proceedings in accordance with the procedure agreed by the parties
- (c) The tribunal failed to deal with all the issues that were put to it
- (d) The Award is ambiguous or uncertain
- (e) The Award was obtained by fraud or the way in which it was procured being contrary to public policy
- (f) An irregularity in the conduct of the proceedings or in the Award which is admitted by the tribunal

25.8 Save as set out above, the Parties expressly agree to waive the applicability of all Laws which would otherwise give the right to appeal or challenge a decision of the arbitral tribunal. The cost of arbitration shall be borne by the Party that loses the arbitration. The Laws of Belize shall govern the validity, interpretation, construction, performance and enforcement of the arbitration agreement contained in this Article 25.

25.9 Alternative Resolution. In the event that the provisions of Article 25 are unenforceable and a judicial proceeding is necessary under applicable Law to resolve a dispute, the Parties hereby submit to the jurisdiction of the courts of Belize.

26. **Transfer of Purchaser's Obligations to its Successor**

26.1 Expiration of BEL's License. In the event that BEL's License shall expire and not be renewed or shall be revoked and a Successor Company takes over responsibility for operation of the Transmission Grid and supply of electrical energy, whether or not such an event shall constitute a Force Majeure Event such Successor shall assume responsibilities of the Purchaser in this Agreement, and the Purchaser shall:

- (a) at the request of the PUC, facilitate the transfer to the Successor Company of the rights and obligations of the Purchaser under this Agreement with the exception of any outstanding payment obligations;
- (b) at the request of the PUC as part of the transfer of the Transmission Grid assets, transfer the ownership to the Successor Company of the Interconnection Facilities, Energy Metering Facilities and any other equipment installed by the Purchaser either at the Facility or elsewhere to allow electrical energy to be dispatched and transmitted from the Facility to the Transmission Grid;
- (c) in the event that a temporary operator is nominated to operate the Transmission Grid prior to the appointment of a Successor Company, allow such temporary operator access to and use of the Interconnection Facilities, Energy Metering Facilities and any

other equipment installed by the Purchaser either at the Facility or elsewhere to allow electrical energy to be Dispatched by the Facility to the Transmission Grid;

- (d) in the event that a Government Authority shall take control or ownership of the assets prior to appointment of a Successor Company, allow access to and use by the Government Authority or transfer ownership to the Government Authority as part of the Transmission Grid assets, the Interconnection Facilities, Energy Metering Facilities and any other equipment installed by the Purchaser either at the Facility or elsewhere to allow electrical energy to be dispatched and transmitted from the Facility to the Transmission Grid.

27. Assignment

27.1 Right to Assign and Transfer.

27.1.1 Subject to 27.1.3, the Seller may not assign its rights nor transfer its rights and obligations under this Agreement without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld or delayed.

27.1.2 Subject to 27.1.3, the Purchaser shall not assign its rights nor transfer its rights and obligations under this Agreement without the prior written consent of the Seller, which consent shall not be unreasonably withheld or delayed.

27.1.3 Notwithstanding the foregoing provisions of this Article, each Party's rights under this Agreement may be assigned by that Party without the prior consent of the other Party (but with advance notice to the other Party in writing) (i) to an Affiliate or (ii) to the Financing Parties as provided in Article 27.2 (*Creation of Security*) below.

27.1.4 Any transferee must be least as creditworthy as the transferor (or have its obligations guaranteed or otherwise supported by a creditworthy entity of at least the same standing as the transferor) and (in the sole and absolute discretion of the non-transferring Party) be otherwise capable of performing all of the transferor's obligations under this Agreement.

27.2 Creation of Security.

27.2.1 The Seller may assign or otherwise create security over this Agreement in favour of the Financing Parties as security for the obligations of the Seller under the Loan Documents.

27.2.2 The Purchaser shall use all reasonable efforts to execute, acknowledge and deliver any and all further documents and instruments, and to take any other actions which may be necessary to satisfy the requests of any Lenders or prospective Lenders (in each case, acting reasonably) in connection with any Loan Document including, without limitation, acknowledgements of assignment. The foregoing sentence shall not be construed to require the Purchaser to execute, acknowledge and deliver any further documents and instruments or to take

any actions which are inconsistent with its rights under this Agreement or which are expressly subject to its consent or approval under this Agreement.

28. **Notices**

28.1 Communications in Writing.

Any communication to be made under or in connection with this Agreement shall (unless otherwise stated) be made in writing or other mutually acceptable means and (unless otherwise stated) may be made by fax or letter.

28.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is:

28.2.1 in the case of the Seller:

President
Belize Electric Company Limited
Suite 1201, Fortis Building
P.O. Box 8837
139 Water Street
St. John's, NL A1B 3T2
Fax: 709-737-5307

With a copy to;

Vice President, Operations
Belize Electric Company Limited
P.O. Box 87
San Ignacio, Cayo District
Belize
Central America
Fax: 501-824-4512

and

28.2.2 in the case of the Purchaser:

President and Chief Executive Officer
Belize Electricity Limited
2½ Miles Northern Highway
Belize City
Belize
Central America
Fax: 501-223-0892



or any substitute address, fax number or department or officer as the Seller may notify to the Purchaser (or the Purchaser may notify to the Seller, if a change is made by the Purchaser) by not less than five (5) Business Days' notice.

28.3 Delivery

28.3.1 Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:

- (a) if by way of fax, when received in legible form; or
- (b) if by way of letter, when it has been left at the relevant address or two (2) Business Days after being deposited in the post postage prepaid and registered in an envelope addressed to it at that address, and, if a particular department or officer is specified as part of its address details provided under Article 28.2 (*Addresses*), if addressed to that department or officer.

29. **Miscellaneous Provisions**

29.1 Variations in Writing. All additions, amendments or variations to this Agreement shall be binding only if in writing and signed by duly authorized representatives of both Parties.

29.2 Entire Agreement. This Agreement and all Exhibits thereto together represent the entire agreement between the Parties in relation to the subject matter thereof and supersede any and all previous agreements or arrangements between the Parties (whether oral or written) for this site but do not impact any other PPA's or agreements between the Parties.

29.3 Severability. If any term or provision of this Agreement or the application thereof to any Person or circumstance is held in a final, non-appealable judgment to be illegal, invalid or unenforceable under any present or future applicable Law, (a) such term or provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

29.4 Waivers.

29.4.1 No waiver by either Party of any default by the other in the performance of any of the provisions of this Agreement shall (a) operate or be construed as a waiver of any other or further default whether of a like or different character or (b) be effective unless in writing duly executed by an authorized representative of such Party.

Handwritten signatures and initials at the bottom right of the page. There are three distinct marks: a large, stylized signature, a smaller signature, and the initials 'SM'.

29.4.2 The failure by either Party to insist on any occasion upon the strict performance of the terms, conditions or provisions of this Agreement or any time or other indulgence being granted by one Party to the other shall not be construed as a waiver thereof.

29.5 Confidentiality.

29.5.1 All information (whether written, oral or from visual inspection), hereinafter referred to as the "**Information**," furnished (whether before or after the Agreement Date) by a director, officer, partner, employee, affiliate, controlling person, representative (including financial advisors, attorneys and accountants) or agent of either Party, hereinafter referred to as "**Protected Persons**," to a director, officer, partner, employee, affiliate, controlling person, representative (including financial advisors, attorneys and accountants) or agent of the other Party pursuant to this Agreement, shall not be disclosed in any manner by the receiving Party to any third party without the prior written consent of the other Party and shall be utilized by the receiving Party solely in connection with the purposes of this Agreement.

29.5.2 Information shall not include information which (i) is or becomes publicly available other than as a result of disclosure by the receiving Party, (ii) is or becomes available to the receiving Party from another source which is not prohibited from disclosing such information to the receiving Party by a legal, contractual, or fiduciary obligation of a Protected Person and becomes available to the receiving Party on a non-confidential basis, (iii) is currently in the possession of the receiving Party and is not subject to a confidentiality obligation, or (iv) is required by applicable Law, Regulation or Governmental Approval to be publicly disclosed by the receiving Party **provided that**, to the extent reasonably possible, the disclosing Party shall give prior notice to the other Party of such disclosure and, if so requested by such other Party, shall use all reasonable efforts to oppose or resist the required disclosure, as appropriate under the circumstances, or otherwise to make such disclosure pursuant to a protective order or other similar arrangement for confidentiality.

29.5.3 Notwithstanding the above, either Party may reveal Information to actual and prospective Financing Parties, actual and prospective equity investors, suppliers and potential suppliers of equipment to the Facility, advisers (including, without limitation, legal advisers), mediators, arbitrators, Judges and other third parties if, in the sole opinion of the relevant Party, such disclosure may be necessary or desirable in order for that Party duly to perform its obligations under this Agreement and/or the Loan Documents so long as such Persons (a) need to know the Information for purposes of evaluating the Agreement or the transactions contemplated thereby, (b) are informed of the confidential nature of the Information and (c) agree to act in accordance with the terms of this Article 29.5. If the Information provided to the receiving Party is no longer necessary for purposes of the Agreement, the receiving Party will, upon request from the other Party, promptly destroy all copies of written Information in the receiving Party's possession and confirm such destruction in writing to the other Party, or return, at the receiving Party's expense, all copies of the written Information in the receiving Party's possession to the other Party.

29.6 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors and permitted assigns.

Handwritten signatures and initials at the bottom right of the page. There are three distinct marks: a large, stylized signature, a smaller signature, and a set of initials.

29.7 No Liability for Review. No review or approval by the Purchaser of any agreement, document, instrument, drawing, specifications or design proposed by the Seller shall relieve the Seller from any liability that it would otherwise have had for its negligence in the preparation of any such agreement, document, instrument, drawing, specifications or design or from failure to comply with the applicable Laws with respect thereto. Furthermore, the Purchaser shall not be liable to the Seller by reason only of its observation or inspection of the construction, testing, operation or maintenance of the Facility or any suggestions it may make relating thereto.

29.8 Limitation of Liability by a Party.

29.8.1 Notwithstanding any other provision of this Agreement and for the avoidance of any doubt, for breach of any provision of this Agreement for which an express remedy or liquidated damages are provided, such express remedy or liquidated damages shall be the sole and exclusive remedy of the non-breaching Party in respect of that breach under this Agreement, at law or in equity and the breaching Party's liability shall be limited as set forth in such provision and all other remedies and damages at law or in equity are hereby waived by the non-breaching party.

29.8.2 If no remedy or measure of damages is expressly provided herein, the breaching Party's liability shall be limited to direct actual damages including breakup costs and financing charges. Such direct actual damages shall be the sole and exclusive remedy of the non-breaching Party and all other remedies and damages at law or in equity are hereby waived by the non-breaching party. Unless expressly provided otherwise herein, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise.

29.8.3 The Parties agree that any express remedies and liquidated damages shall be without regard to the cause or causes of any breaches related thereto, including the negligence of any Party, whether such negligence be sole, joint or concurrent, active or passive. To the extent liquidated damages are required to be paid hereunder, the Parties acknowledge that actual damages are difficult, inconvenient or impossible to determine.

29.9 Third Parties. This Agreement is intended solely for the benefit of the Parties. Nothing in this Agreement shall be construed to create any right, duty or liability in favour of, or standard of care with reference to, any other Person (other than an assignee of any Party).

29.10 Headings. The headings contained in this Agreement are solely for the convenience of the Parties and should not be used or relied upon in any manner in the construction or interpretation of this Agreement.

29.11 Survival. The expiration or termination of this Agreement shall be without prejudice to all rights and obligations of the Parties accrued under this Agreement prior to the date of such expiration or termination. For the avoidance of doubt and notwithstanding any other provision of this Agreement, the rights and obligations set forth in Articles 1



(Definitions), 4.2 (Termination), 23 (Indemnification and Liability), 24 (Defaults and Termination), 25 (Resolution of Disputes), 26 (Transfer of Purchaser's Obligations to its Successor), 28 (Notices), 29.5 (Confidentiality), 29.12 (Governing Law), shall survive the termination of this Agreement.

29.12 Governing Law. This Agreement and the rights and obligations of the Parties under or pursuant to this Agreement shall be governed by and construed in accordance with the Laws of Belize. The language of this Agreement is the English language.

29.13 Relationship of the Parties. This Agreement shall not make either of the Parties partners or joint ventures with the other, nor make either the agent of the other. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

29.14 Good Faith. Under this Agreement, each Party shall have the duty to act in good faith.

29.15 Taxes and Change in Law.

29.15.1 In the event that any Change in Law following the Agreement Date shall increase the costs of construction, financing, operation or maintenance of the Facility to the Seller or reduce the revenue to the Seller, the Seller may apply to the PUC or other Government Authority responsible for regulation of the electricity tariffs for an upwards revision of the price paid by the Purchaser to the Seller for electrical energy. Such application shall be accompanied by a fully detailed justification, detailing the impacts of the Changes in Law. Both parties shall with reasonable notice be given the opportunity to be heard on the issue. Any determination by PUC shall be binding on both Parties.

29.15.2 Variations to the level of personal or corporate taxation implemented by the Government as part of its normal fiscal policy shall not constitute a Change in Law. However, changes to the application of taxes and duties, introduction of new taxes and duties or changes to the level or application of concessions granted in respect of tax and duty exemptions and other fiscal incentives shall constitute a Change in Law pursuant to Article 29.15.1.

29.16 Announcements. Except as otherwise required by law, for so long as this Agreement is in effect, neither the Seller nor the Purchaser shall, nor shall they permit any of their affiliates to, issue or cause the publication of any press release or other public announcement with respect to the transactions contemplated by this Agreement without the prior written consent of the other Party, which consent may be withheld in such Party's sole discretion.

Handwritten signatures and initials, including a large signature and the initials 'CB' and 'R'.

IN WITNESS WHEREOF, the Purchaser has caused its Common Seal to be hereto affixed and the Seller has set his hand and seal the day and year first above-mentioned.

THE COMMON SEAL of
BELIZE ELECTRICITY LIMITED

was hereunto affixed and this
instrument was delivered
in the presence of



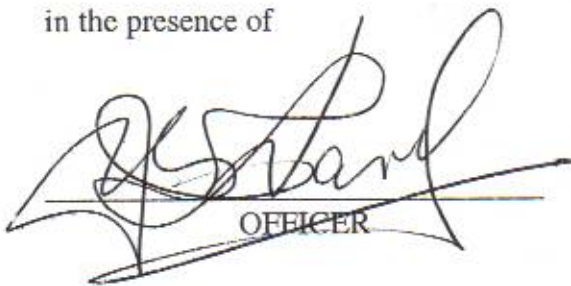
OFFICER



OFFICER

THE COMMON SEAL of
BELIZE ELECTRIC COMPANY LIMITED

was hereunto affixed and this
instrument was delivered
in the presence of



OFFICER



OFFICER



POWER PURCHASE AGREEMENT

BETWEEN

BELIZE ELECTRICITY LIMITED

AND

Belize Electric Company Limited

Dated as of March 15, 2007

EXHIBIT 1

GOVERNMENT APPROVALS

Handwritten signature and initials



Public Utilities Commission

63 Regent Street
P.O. Box 300
Belize City, Belize

Website: www.puc.bz

Ph 501-227-1185
Fax 501-227-1149
Email: puc@bt.net

PUC/COMM/ES/B9(1)2007

June 06, 2007


Stephen Usher
Vice President, Operations
Belize Electric Company Limited
Belize

Dear Mr. Usher,

SUBJECT - CONSENT FOR THE CONSTRUCTION
AND OPERATION OF A GENERATING STATION

Enclosed please find the PUC's Consent for your application dated February 13, 2007.

Sincerely
PUBLIC UTILITIES COMMISSION


Roberto Young
Chairman

THE PUBLIC UTILITIES COMMISSION

CONSENT FOR THE CONSTRUCTION AND OPERATION OF A GENERATING STATION

WHEREAS:

- 1) Belize Electric Company Limited ("BECOL") has by written application dated the 13th day of February 2007 ("the Application") applied for Consent of the Public Utilities Commission ("the Commission") to construct and operate the Vaca Hydroelectric Project, consisting of:
 - (a) A dam on the Macal River about 2.5 km downstream of the Rio On confluence. This dam would be either a concrete dam, or a concrete-faced-rockfill-dam;
 - (b) A temporary diversion facility for river handling during construction;
 - (c) An uncontrolled overflow spillway;
 - (d) A low-level-outlet facility;
 - (e) An intake facility;
 - (f) A penstock embedded in the body of the dam, and extending to the powerhouse;
 - (g) A toe-of-dam surface powerhouse, with an installed capacity of approximately 18 MW;
 - (h) An excavated tailrace channel;
 - (i) An access road from the existing Mollejon road to the new dam;
 - (j) Construction camp and construction roads; and
 - (k) A sub-station and transmission line (by others)

The Commission Notes that the principal characteristics of the project as assumed in the preliminary studies are as contained in the documentation submitted and included as an integral part of your application. The Commission agrees that there will be minor modifications to these characteristics as the detail design of the project proceeds.

- 2) BECOL intends to construct the said facilities for the purpose of increasing its existing generating capacity to sell electrical energy to Belize Electricity Limited ("BEL") pursuant to the provisions of a Power Purchase Agreement to which BECOL and BEL are parties.
- 3) BECOL has received Environmental Clearance from the Department of the Environment, for the Vaca Hydroelectric Project located in the Cayo District. This said Environmental Clearance is granted subsequent to the signing, January 26, 2007 of an Environmental Compliance Plan (ECP) prepared by the Department of the Environment.
- 4) The Commission has done diligence and notes that: a) the Project is located outside of the jurisdiction of any Local Planning Authority; b) The Central Housing and Planning Authority (CHPA) no longer exists and has been replaced in part by the Central Building Authority (CBA); c) the scope of the CBA does not include the requirements of the Third Schedule of the Electricity Act (discussion with President of CBA, May 2007); d) the membership of the National Environmental Appraisal Committee is sufficiently multi-sector, that any relevant objection would have already been raised and resolved.
- 5) There have been articles relating to the Vaca Hydroelectric Project both in the Press locally and abroad in 2006 and 2007, but the Commission has otherwise, received no written objections to the Application.
- 6) The Commission reminds BECOL to assure diligence is done, and to comply with all relevant legal requirements for the project.

NOW THEREFORE in exercise of the powers conferred by the Public Utilities Commission Act (Chapter 223) and the Electricity Act (Chapter 221) the Commission hereby grants its Consent:

- (a) pursuant to section 51 of the Electricity Act for the construction and operation by BECOL of a generating station including a dam on the Macal River about 2.5 km downstream of the Rio On confluence; and a Powerhouse in accordance with all documentation submitted to the Commission by BECOL with its Application; and in accordance any

Plans, Engineering Drawings and specifications that may additionally be submitted by BECOL to the Commission, or requested from BECOL by the Commission.

- (b) pursuant to section 52 of the Electricity Act for the installation by others in accordance with the said documentation submitted to the Commission by BECOL with its Application; and in accordance any Plans, Engineering Drawings and specifications that may additionally be submitted by BECOL (or others) to the Commission, or requested from BECOL (or others) by the Commission.

SUBJECT to the following conditions:

1. That the works which are the subject of this Consent shall be carried out in accordance with the said Documentation, Plans, Engineering Drawings and Specifications, and any addition, alteration or modification thereof shall require the written Consent of the Commission.

2. That the said works shall be carried out in all respects so as to conform to the Environmental Compliance Plan executed by BECOL and the Department of the Environment in respect of the same.

3. That BECOL will, within one month from date of this Consent, ensure that whoever will be responsible for the substation and transmission line, informs the Commission of all relevant specification/data of the substation and the transmission line. Also that this other entity applies to the Commission for Consent for the substation and the transmission line.

4. That BECOL agrees to refund within one month of invoice date, the cost by the Commission or by Commission staff or by Consultant, for any working visit or related Consultancy approved by the Commission during construction and commissioning of the Vaca Hydroelectric Project.

GIVEN UNDER MY HAND this 6th day of June 2007



Roberto Young
Chairman

POWER PURCHASE AGREEMENT
BETWEEN
BELIZE ELECTRICITY LIMITED
AND
BELIZE ELECTRIC COMPANY LIMITED
Dated as of March 15, 2007

EXHIBIT 2
DESCRIPTION OF THE GENERATION PROJECT
INCLUDING
DESIGN AND OPERATING LIMITS AND SITE DESCRIPTION

encl. 2

VACA HYDROELECTRIC FACILITY

Description of the Generation Project including Design and Operating Limits and Site Description.

1 INTRODUCTION

- 1.1 The Vaca Falls hydroelectric project is located on the Macal River approximately 2.5 kilometers downstream of the rivers confluence with River On. Access to the site is from the Mollejon access road via the branch to the Chechim Ha Resort. Access to the far side of the dam is via a low-level bridge downstream of the dam and powerhouse, which is designed to submerge during significant spill conditions.

2 PLANT CAPACITY

- 2.1 The plant is rated 18 MW, with an average annual production of 80 GWh. The facility consists of two 9 MW units and one 1 MW unit, which is used mainly to pass the environmental flow when the two larger units are shut down. The actual annual production will vary based on water availability. The maximum momentary capacity will be determined during test but should not be less than 20 MW.
- 2.2 The units generate at a voltage of 6.9 kV which, in turn, is feed to the substation transformer in the Vaca switchyard. The generator windings are "Y" connected and grounded through a neutral transformer. Each unit has an independent excitation system. A single-line diagram of the systems is attached and marked. (Figure 1)

3 PLANT OPERATION

- 3.1 The plant will supply power and energy to Belize Electricity Limited (BEL) under a long-term power purchase agreement. The facility will be interconnected to the national grid via a 1.5 kilometer, 115 kV transmission line between the plant and the existing 115 kV line from the west substation to the Mollejon hydro plant.

The facility is the third hydro generation facility on the Macal River and the furthest downstream. As such, it will use the water already utilized by Chalillo and Mollejon supplemented by the River On inflow. The Macal River flow is controlled by the outlet from the Chalillo dam, which is operated to maximize Mollejon's production as required by BEL. When river flows do not provide sufficient water for normal plant operation, an environmental flow of 1.5 cms (or the inflow to the river if that is less) is discharged from Vaca, normally through the 1 MW turbine/generator.

4 TECHNICAL DESCRIPTION

The basic technical description of the project is provided in the following table.
(Table 4.1)

4.1 Dam and Intake Structure

PRINCIPAL CHARACTERISTICS OF THE DAM

Table 4.1

Description Dam Construction		Units	Value
			Mass Concrete - RCC
Reservoir	Surface Area	km ²	0.7
	Storage Volume	hm ³	12.7
	Full Supply Level (FSL)	m	142.0
	Minimum Reservoir Level	m	140.0
Dam	Type		concrete
	Top of Dam El.	m	158
	Maximum Height at FSL	m	52.0
	Approximate Crest Length	m	250
Spillway	Design Flood (PMF)	m ³ /s	14,670
	Type		uncontrolled overflow
	Energy Dissipation		flip bucket and stepped
	Location		body of dam
Low-Level-Outlet (LLO)	Capacity	m ³ /s	25
Intake	Intake Invert Elevation	m	112
Trashrack	Width	m	4.2
	Height	m	6.0
Bulkhead Gate	Width	m	2.6
	Height	m	2.75
Steel Liner	Diameter	m	2.0
	Length	m	40
Outlet Works	Location		toe-of-dam
Regulating Valve	Type		fixed cone
	Diameter	m	2.0
Guard Valve	Type		butterfly
	Diameter	m	2.0
Power Intake	Capacity	m ³ /s	35.2
	Invert Elevation	m	132.0
Trashrack	Width	m	6.4
	Height	m	7.0
Bulkhead Gate	Width	m	3.1
	Height	m	3.9
Penstock	Diameter	m	2x2.2
	Length	m	2x150

4.2 Powerhouse and Equipment

Page 2 of 4

Exhibit 2 – Yaca PPA

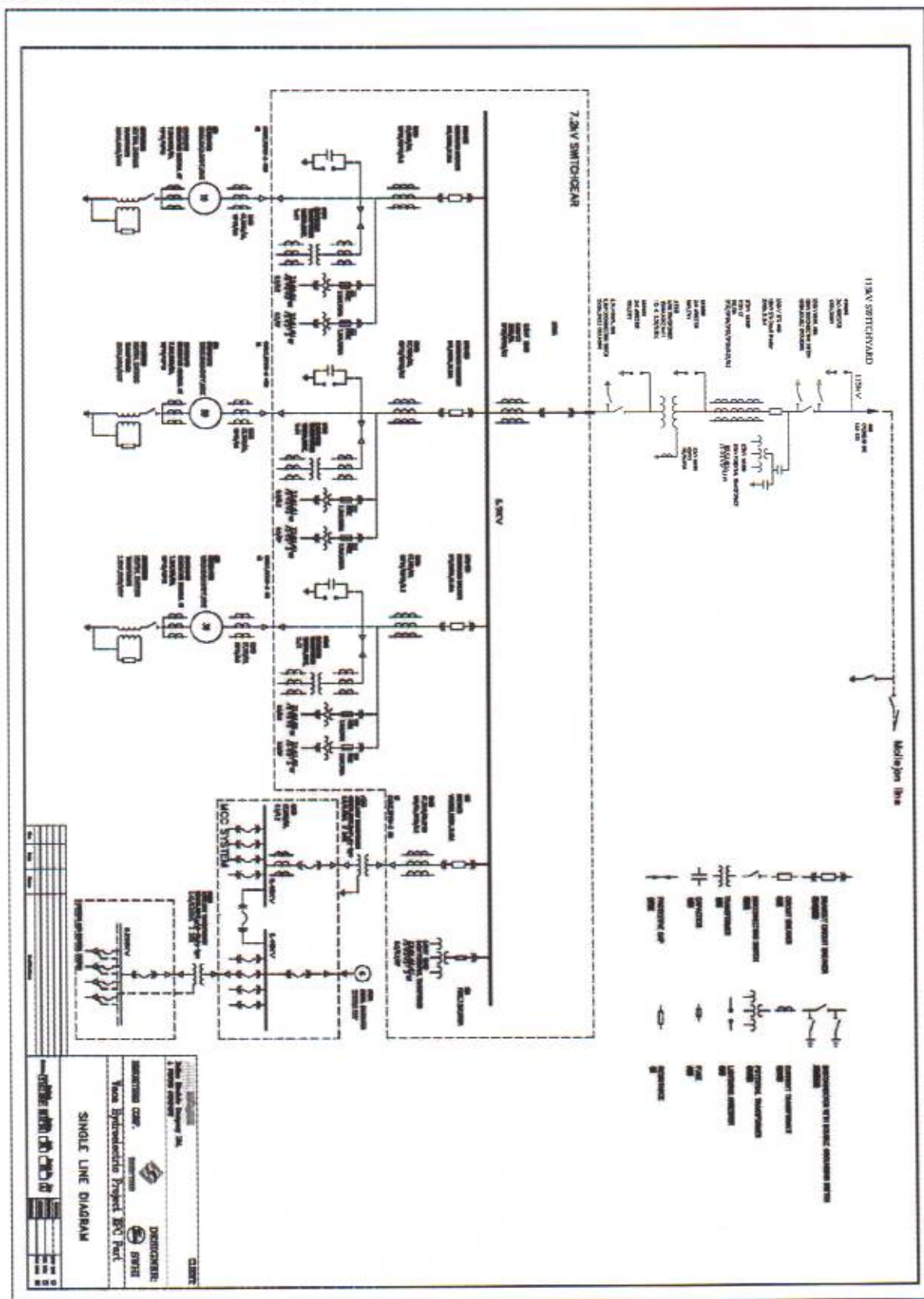
The toe-of-dam powerhouse will be of concrete and steel construction. It will house three turbine-generator sets; two of 9 MW capacity each and one of 1 MW capacity. The basic characteristics of the powerhouse are provided in the following table. (Table 4.2)

Table 4.2

Description		Units	Value
Powerhouse	Type		Surface/Toe-of-Dam
	Tailwater Elevation	m	82.0
	Gross Head	m	60.0
	Assumed Net Head	m	58.0
	Design Flow	m ³ /s	35.2
	Installed Capacity	MW	19
	Number of Units		3
	Turbine Type (9 MW)		Vertical Francis
	(1 MW)		Horizontal Francis
Tailrace	Type		Excavated Channel
	Length	m	800
	Width	m	12
Access Roads	Length	km	3
	Bridge *		N.R.

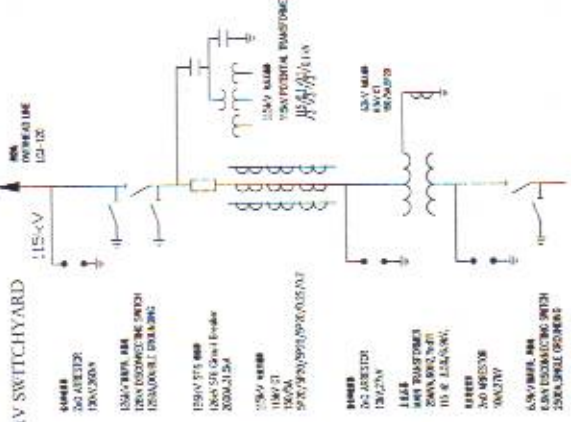
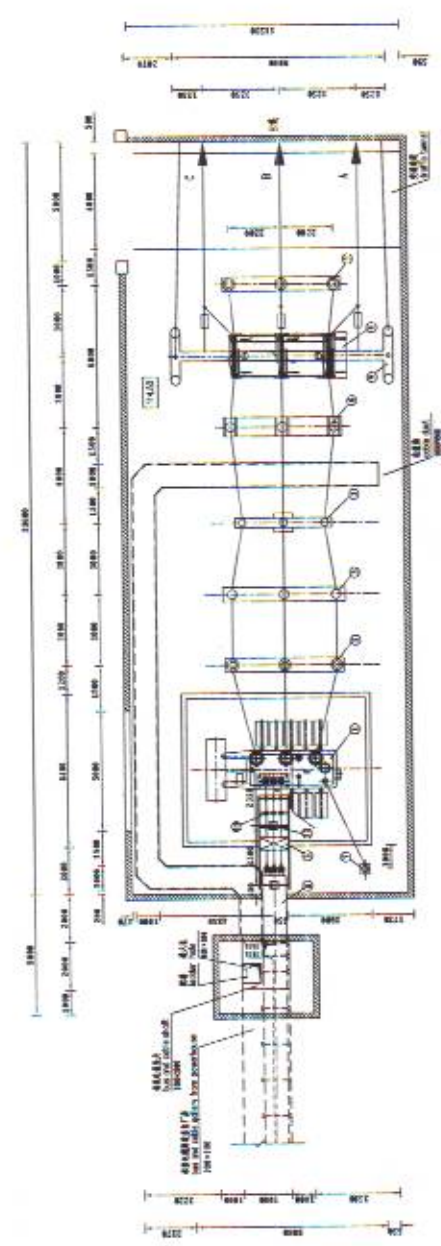
*Bridge across tailrace for access to far side of dam.

Figure 1 – Single Line Diagram



115KV SWITCHYARD

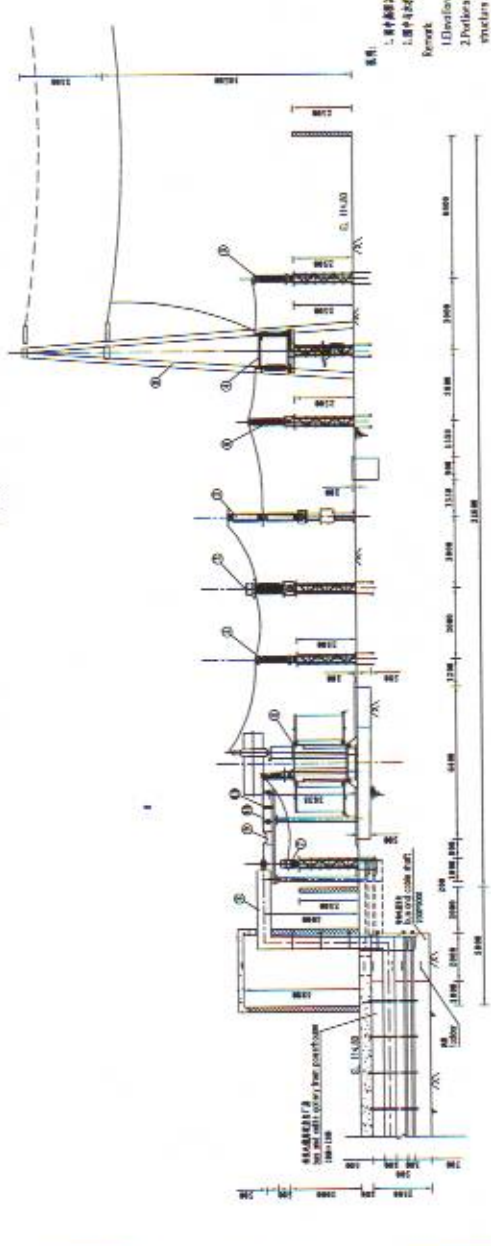
115KV 开关站电气设备安装布置图
layout plan of electrical equipments in 115KV switchyard
1:100



设备材料表
List of equipments and materials

序号	设备名称	规格	数量	备注
1	115KV GIS	115KV GIS	1	115KV GIS
2	115KV 断路器	115KV GIS	1	115KV GIS
3	115KV 隔离开关	115KV GIS	1	115KV GIS
4	115KV 避雷器	115KV GIS	1	115KV GIS
5	115KV 电压互感器	115KV GIS	1	115KV GIS
6	115KV 电流互感器	115KV GIS	1	115KV GIS
7	115KV 避雷器	115KV GIS	1	115KV GIS
8	115KV 避雷器	115KV GIS	1	115KV GIS
9	115KV 避雷器	115KV GIS	1	115KV GIS
10	115KV 避雷器	115KV GIS	1	115KV GIS
11	115KV 避雷器	115KV GIS	1	115KV GIS
12	115KV 避雷器	115KV GIS	1	115KV GIS
13	115KV 避雷器	115KV GIS	1	115KV GIS
14	115KV 避雷器	115KV GIS	1	115KV GIS
15	115KV 避雷器	115KV GIS	1	115KV GIS
16	115KV 避雷器	115KV GIS	1	115KV GIS

115KV 开关站电气设备安装布置图
sectional view of layout of electrical equipments in 115KV switchyard
1:100



说明:
1. 图中所有尺寸, 均为实际尺寸。
2. 图中所有尺寸, 均为实际尺寸。
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10. 图中所有尺寸, 均为实际尺寸。

CLIENT: SWHI

DESIGNER: SWHI

CONTRACTOR: SINGHOONG CORP.

Yaca Hydroelectric Project EPC Part

LAYOUT PLAN OF ELECTRICAL EQUIPMENTS IN 115KV SWITCHYARD

DOC No. YHA-EP-E-C
D-11

DATE: 2024/04/04

REVISION: 1

REVISION: 2

REVISION: 3

REVISION: 4

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REVISION: 8

REVISION: 9

REVISION: 10

POWER PURCHASE AGREEMENT
BETWEEN
BELIZE ELECTRICITY LIMITED
AND
BELIZE ELECTRIC COMPANY LIMITED
Dated as of March 15, 2007

EXHIBIT 3

TESTING REQUIREMENTS FOR THE GENERATION PROJECT

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Exhibit 3 (Testing Requirements for VACA Hydroelectric Project)

For the purpose of this Exhibit, the following definitions apply:

Purchaser: BEL
Seller: BECOL
Contractor: Sinohydro Corporation
Contract: EPC contract between BECOL and Sinohydro
Engineer: Gilbert-Green & Associates.

1. The Seller's facility shall be subject to a number of tests to demonstrate its performance. The majority of these tests shall be carried out under the terms of the EPC contract for the facility and are categorised as Tests on Completion and Tests after Completion.
2. The **Tests on Completion** shall include such tests that are required, during manufacture and on Completion of the Facility, in order to establish that the Facility has been manufactured and installed in accordance with the specification and is fit for commercial use by the Seller. The Tests shall be in accordance with good engineering practice and shall be approved by the Engineer to the EPC contract who is acting on behalf of the Seller. Unless otherwise stated, testing shall be carried out in accordance with the appropriate conditions of the EPC contract.
3. All testing shall be carried out in accordance with the Specification
4. Any standards and codes of practice required for tests specified by the local Grid Code will be complied with.
5. The use of any alternative Standards and Codes of Practice will be subject to the approval of the Engineer that shall not be unreasonably withheld provided the above conditions are complied with.
6. The **Tests after Completion** are performed some time after taking-over of the facility by the Seller and are primarily to demonstrate that the facility meets the performance parameters stated in the EPC contract.
7. The performance parameters for these tests shall be those stated in the EPC contract. Where individual Facility parameters are not specified in these sections, the Engineer shall agree with the Contractor performance parameters based on the equipment specifications as supplied by the original equipment manufacturers or the Contractor and consistent with the Facility Performance parameters stated in the Contract.
8. For the purposes of this Power Purchase Agreement, the following relevant tests, selected from those to be carried out under Tests on

Completion and Tests after Completion shall be performed as the "Commissioning Tests".

Commissioning Tests

9. The Requirements of Specification

- a). At the completion of the installation, the Contractor shall perform all required activities and provide all necessary labour, equipment and material required to commission the Work.
- b) The commissioning shall consist of dry and wet tests of all components and systems to prove to the Employer that all equipment and systems installed perform in accordance with the agreed requirements.
- c) Performance tests on the generating units shall be part of the commissioning requirements. However, if the fore bay level does not reach the minimum elevation needed for this test at completion of the wet tests, the performance tests shall be carried out at later date by the Contractor.
- d) The Employer shall be given the opportunity to witness all tests. The Contractor shall notify the Employer at least 45 days before any test. (This is the notice that the Employer is required to give the Utility under the terms of the PPA). A Commissioning Plan, including a schedule, and all Commissioning Procedures to be used is to be approved by the Employer at least two weeks prior to any testing being carried out.

10. General

Commissioning of the generator units can be done only after the installation of the turbines, turbine generators, excitation system, speed-governing system, monitoring system, primary electrical equipment, secondary electrical equipment, hydraulic equipment and auxiliary apparatus, hydro-mechanical structures, etc. is completed, tested and verified acceptable, and dry test is finished as well.

The following tests shall be done to the generator units in accordance with the technical requirement of pertinent industries: flushing test, no-load commissioning test, link test by connecting with main transformer and high-voltage distribution device, parallel test and 72-h successive load commissioning test. Under the operating condition of the generator units, the design, manufacture and quality of installation of the equipment shall

be completely checked; the security and reliability of the hydraulic structure, turbine generator units, auxiliary equipment and electrical equipment shall be tested and assessed, so as to draw some conclusion for the units and equipment to be put into commercial operation.

The starting-up commissioning of generator units is the most important comprehensive debugging works that combine operation of both the electrical and mechanical equipment. So, it shall be done strictly according to the commissioning procedure by the personnel and operatives with sufficient experience.

11. Preparation before the starting-up commissioning

The following preparative works shall be properly done in accordance with the technical specification for testing and commissioning of the generator units :

- 1) To work out the report on the commissioning works;
- 2) To identify the equipment on the sites;
- 3) To prepare the equipment, instruments and tools for test and commissioning, and to prepare the technical documents for the relevant electrical and mechanical equipment;
- 4) To set up the organization structure for starting-up commissioning of generator units.

The organization structure for start-up commissioning of generator units will work under the leadership of Start-up Checking & Acceptance Committee , who will be wholly responsible for the starting-up, testing and commissioning of each set of turbine generator units (including all electrical and mechanical equipment plus the associated equipment).

The organization structure for start-up commissioning of generator units will be composed of the leading group, general office, inspecting/accepting team, technique service team and logistic team.

- 5) Training to the personnel participating in the commissioning of generator units

Prior to the starting of commissioning of generator units, appropriate training shall be given to the personnel who will take participate in this work.

12. Starting-up commissioning of generator units

First of all, various systems shall be checked entirely according to the technical specification and eliminate the problem if is detected.

Flushing test, no-load commissioning test, link test by connecting with main transformer and high-voltage distribution devices, parallel test for the generator units shall be done in accordance with the Engineer's instruction and technical specification.

13. 72-hours successive load commissioning test

1) After all the above commissioning tests to the generator units is completed and verified acceptable, 72-hours successive load commissioning test shall be done for the purpose to test the security and reliability of water-conveyance system, hydraulic structures, turbine generator units, auxiliary equipment and electrical equipment, and to test the fabrication and installation quality of all the equipments.

2) If the generator unit can not work properly under load due to the limitation of water-head and construction power, the generators shall be commissioned under the load as high as possible.

3) the personnel on duty during the commissioning of generator units shall timely record all the operating parameters, and regularly inspect the running status of electrical and mechanical equipments.

4) If, during the 72-hour successive commissioning, the commissioning test of generator units is terminated due to the quality problem in the fabrication/installation of electrical and mechanical equipment, the 72-hours commissioning test shall resume after the problem is resolved. The test time before and after interruption shall not be accumulated.

5) After 72-hour successive test is over, the generator units will be disconnected from the grid and stopped. The residual water in the scroll case and other parts will be discharged. The situation of the water-passing parts of the turbine generator units, hydraulic structures and dewatering system after completion of commissioning work will be carefully examined.

6) To completely inspect the turbine generator, auxiliary equipment and electrical equipment;

7) Remove and repair all the defects detected during the commissioning.

14. Subject to agreement with Purchaser on the acceptance of active and reactive power and within the safe operating limits of the Facility, tests will be carried out to demonstrate the capability of the Facility to operate at rated voltage and frequency at power factors and under reactive conditions as Specification
15. **Protective relaying system** The Contractor shall demonstrate the operation of all protective relay devices by injection of power and simulation, where necessary, to confirm that the performance complies with the equipment specification. The Contractor shall demonstrate the operation, and repeatability of, the settings of time, overload current, earth fault current, voltage, frequency and discrimination as identified in the protection drawings formally approved under the conditions of the Contract.
16. **Connecting switchgear** The Contractor shall demonstrate that the switchgear is rated at a voltage equal to the generating voltage and has been installed and is operating as specified. The demonstration shall include, but may not be limited to, insulation testing and speed of contact operation.
17. **Capacity demonstration test** This test determines the Facility capacity by measuring the output at the relevant points in the Facility. Tests will be based on relevant test codes and standards using Facility instrumentation and any independently certified commissioning metering system connected to the Facility for the purposes of the test. During the period of the Capacity Demonstration Test, the capacity of the Facility shall be demonstrated in the following manner:
 - a) The Facility shall operate on both main operating regimes with normal auxiliary loads;
 - b) The Seller will advise Purchaser of the commencement of the test and will record the reading of the independently certified commissioning metering system;
 - c) The test duration will be 6 hours and at the end of this period the Seller will record the new reading of the independently certified commissioning metering system. The capacity as determined by such test shall be the difference between the reading taken at the end of the 6-hour period and the reading taken at the beginning of such period, divided by the test duration in hours.

POWER PURCHASE AGREEMENT
BETWEEN
BELIZE ELECTRICITY LIMITED
AND
BELIZE ELECTRIC COMPANY LIMITED
Dated as of March 15, 2007

EXHIBIT 4
ENVIRONMENTAL COMPLIANCE PLAN



BELIZE

Please Quote:

Telephone Numbers: 822-2542 / 2816

Fax Number: 822-2862

E-mail: envirodept@btl.net



*Department of the Environment
10/12 Ambergris Avenue
Belmopan,
Belize C.A.*

1st February 2007

Stephen Usher
Vice President/Operation
Belize Electricity Limited
Cayo District

Dear Mr.Usher,

Please be informed that *Environmental Clearance* is hereby granted to **Belize Electricity Company Limited** for the Vaca Hydroelectric Project located in the Cayo District. This *Environmental Clearance* is granted subsequent to the signing, January 26, 2007 of the Environmental Compliance Plan (ECP) prepared by the Department of the Environment (DOE).

Kindly be informed that **Belize Electricity Company Limited** are required to comply with all the terms and conditions incorporated in the Environmental Compliance Plan. Disregard of any of the terms and conditions stipulated in the compliance plan will result in the revocation of the *Environmental Clearance* and/or legal actions being taken against **Belize Electricity Company Limited**.

No changes or alterations to what has been agreed to in the ECP will be permitted without the written permission of the Department of the Environment.

Thank you for your kind consideration and cooperation in addressing these issues of mutual concern.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Alegria".

Martin Alegria
Chief Environmental Officer
Department of the Environment



ENVIRONMENTAL COMPLIANCE PLAN

WRITTEN BY:

THE DEPARTMENT OF THE ENVIRONMENT

FOR

BELIZE ELECTRIC COMPANY LIMITED

IN REGARDS TO

THE VACA HYDROELECTRIC PROJECT

LOCATED IN CAYO DISTRICT
BELIZE CENTRAL AMERICA

January, 2007

ENVIRONMENTAL COMPLIANCE PLAN

For

THE VACA HYDROELECTRIC PROJECT

LOCATED IN THE MACAL RIVER, CAYO DISTRICT
BELIZE CENTRAL AMERICA

I. INTRODUCTION

The following are the terms and conditions of the Environmental Compliance Plan (ECP) entered into between Belize Electric Company Limited (BECOL), and the Department of the Environment (DOE) in respect to the Vaca Hydroelectric Project in the Macal River, Cayo District (hereinafter called the "Project").

It is agreed by BECOL that the terms and conditions of this compliance plan shall be binding upon BECOL, its servants or agents, successors, or assigns. The terms and conditions embodied in this compliance plan are made pursuant to section 20 (7) of the Environmental Protection Act, Chapter 328 of the Laws of Belize (hereinafter called the "Act"), Revised Edition 2000-2002, the Environmental Impact Assessment Regulations "S.I. (No. 107 of 1995)" and all other relevant provisions of the Act. Environmental Clearance is being granted under these conditions. Unless otherwise expressed or stated, any dollar amounts specified herein shall be deemed to be in Belize dollars.

II. PURPOSE

The purpose of this document is to officially institute best practical measures that shall prevent, control and mitigate the negative environmental impacts arising from the project. The specific actions proposed have been made only after careful analysis by the National Environmental Appraisal Committee (NEAC) of the information contained in the Environmental Impact Assessment (EIA), and identification of potential negative environmental impacts associated with such Hydroelectric Projects. It shall be borne in mind that this ECP was prepared based on the best available information on the project contained in the EIA prepared for this project. Therefore, DOE reserves the right to make reasonable modifications to this compliance plan, in consultation with BECOL or vice-versa, as the project develops and if more information becomes available.

BECOL agrees to strictly adhere to the implementation of the mitigation measures in the time frame outlined in this document during all stages of the development of the project. DOE and other relevant agencies shall conduct compliance monitoring. Disregard of the

terms and conditions specified herein shall result in the revocation of the approval of the project and any permits granted under the Act and/or penalties imposed in accordance with the Act.

This compliance plan is a dynamic one and shall be reviewed and revised from time to time as the project develops and if more information becomes available which demonstrates that the original information was materially deficient or erroneous, it being the intent to be fair to all parties including the developer. Any substantive change to this compliance plan must first be approved by DOE before coming into effect.

III. PROJECT DESCRIPTION

The implementation of this Hydroelectric Project will be carried out in the area of Vaca Falls on the Macal River generally, and in accordance with the activities described in the EIA report prepared by Environmental Solutions Limited (ESL) submitted to the Department, and any additional requirements made by the National Environmental Appraisal Committee. Any activity or project being planned that is outside the scope of this Environmental Compliance Plan (ECP) will require the prior approval from the Department of the Environment. This Environmental Clearance is subject to Belize Electric Company Limited (BECOL) adhering to the conditions, specifications and restrictions described in this ECP.

IV. ENVIRONMENTAL COMPLIANCE PLAN

Following review of the Environmental Impact Assessment, DOE and BECOL agree to the following:

1.0 ARCHAEOLOGY

In order to mitigate the impacts on the cultural resources and archaeological features within the impoundment area for the head pond and in the proposed corridor for the transmission line from the Vaca Dam site to the Mollejon transmission line, BECOL shall comply with the following:

- 1.01 BECOL shall ensure that a systematic archaeological survey of the impoundment area for the head pond, particularly along the Cohune ridges and the travertine dams, is conducted by a professional archaeologist, under the supervision of, and in association with the Institute of Archaeology (IA). All investigations within the inundation area must be completed prior to the filling of the head pond.
- 1.02 BECOL shall ensure that excavation of sites or structures identified by the Archaeologist as being worthy of being excavated is conducted under the supervision of the IA. Excavation shall be limited to sites or structures directly within the impoundment area or those that could be directly impacted by the transmission line. Excavation of any site or structure within the impoundment area shall be conducted from a lower to a higher elevation sequence with those in the lower sequence being excavated first.
- 1.03 The archaeological surveys, and if necessary, excavation and salvaging shall be conducted during the construction phase.
- 1.04 The entire cost of activities 1.01 and 1.02 is estimated at a maximum of \$30,000, which cost shall be borne by BECOL.

2.0 WILDLIFE

In an effort to mitigate the negative impacts associated with the construction of the dam and operation of the head pond, clearance of vegetation, and flooding of the impoundment area resulting in habitat alteration and impediments to wildlife movement and potential impacts on wildlife abundance, BECOL agrees to take the following measures:

- 2.01 A vegetation clearance plan should be submitted to the Forest Department for approval prior to the commencement of any clearing activities. On-site supervision by personnel from the Forest Department will be necessary during implementation of this plan. The estimated incremental cost of

\$15,000 for implementation of these supervisory measures by Forest Department shall be borne by BECOL.

- 2.02 As much as possible and practical, all construction related activities will remain within the footprint of the development so as to minimize habitat alterations.
- 2.03 Vegetation clearance will be conducted manually. The use of heavy equipment will necessitate the approval of the Forest Department.
- 2.04 Burning of any cleared vegetation shall only be done under the strict supervision of the Forest Department, and shall involve the construction of fire paths of a minimum width of ten meters to prevent the escape of wild fires with subsequent impacts on wildlife. No burning shall take place without prior notification, approval and on-site supervision of the Forest Department and the immediate availability of fire fighting equipment.
- 2.05 BECOL shall investigate and endeavor to use environmentally compatible lubricants and hydraulic fluids.
- 2.06 BECOL shall ensure that all of its contractors and subcontractors adhere to a strict **"no-hunting" policy** within the project area or in any of the adjacent protected areas. No unauthorized employee bearing firearms shall be allowed within the protected areas. Firearms usage shall be permitted only for security personnel and other security purposes. In addition, BECOL shall assist in preventing any hunting activities within the project area to mitigate the pressures of hunting on existing wildlife in the area. BECOL shall thus be responsible for providing security checkpoints within the project area during the construction period. The identification of these checkpoints and the arrangement for security are to be made with the agreement of the Forest Department. These checkpoints shall be manned by security guards employed under BECOL's supervision. At no point in time shall the monitoring of the construction site and project area by authorized agencies such as DOE, bearing official identification, be impeded by any security personnel.
- 2.07 Adequate wildlife surveys, and surveys of impacted habitat areas within the impoundment zone, transmission line corridor and adjacent impacted areas, shall be carried out on a biennial basis for the first six years and after that on a five-year basis for the next 15 years. These surveys shall commence on the first year after the signing of the ECP. The purpose of the surveys is to re-examine and re-evaluate any change over time to existing wildlife populations and to document the alteration and adjustment of existing habitats and ecosystems.

The total estimated cost, incremental to the Chalillo surveys, is \$180,000, which shall be borne by BECOL. This cost is based on \$25,000 each for the first three surveys, and \$30,000, \$35,000 and \$40,000 respectively for the remaining five-year surveys. The terms of reference for these wildlife surveys shall be submitted to DOE and the Forest Department for its approval prior to their commencement. The results of these surveys shall be submitted, upon completion, to the Forest Department.

- 2.08 To reduce the impact of blasting on fish-life and other wildlife during the construction phase, the following measures shall be implemented:
- 2.08.1 Blasting shall be undertaken, where possible, at the time of least biological activity or sensitivity;
 - 2.08.2 Blasting in the river shall take place during low flows of the river to minimize shock on the waterway and when most finfish species are not breeding/reproducing;
 - 2.08.3 Time-delay blasting caps for multiple charges shall be used to reduce the overall detonation to a series of discrete explosions;
 - 2.08.4 Decking charges (subdividing the charge in one drill hole into a series of smaller charges) shall be used to reduce the overall detonation to a series of discrete explosions;
 - 2.08.5 Physical removal or exclusion of fish from the detonation area (e.g. through electro-fishing/barrier netting) shall be carried out when necessary;
 - 2.08.6 Blasting holes shall be over-drilled to ensure proper fracturing of the rock;
 - 2.08.7 A minimum of 48 hours notice shall be given to all interests operating in the area. Notices shall include details of the proposed blasting schedule; and
 - 2.08.8 Warning signs shall be posted at highly visible access points where blasting is to take place.
- 2.09 To reduce the availability of leftover food to scavengers and other wildlife at the construction site, BECOL shall ensure that these are properly stored in sealed, animal-proof containers until they are properly disposed of at disposal sites approved by DOE.
- 2.10 To reduce the impact of sedimentation on aquatic life during the construction phase, BECOL shall ensure that during the construction of

the cofferdam and the actual dam the following measures shall be implemented:

2.10.1 Polyethylene liners or similar material shall be used to line the cofferdam and prevent direct contact with the flowing water;

2.10.2 Excavation of the river bank and river bed should only be allowed during low flows, either in the dry season or when flows and resulting water levels can be controlled by the upstream reservoir, to avoid dislocation of excavated materials in the currents which could result in sedimentation buildup further down river. In addition, sediment curtains or silt screens supported on a boom should be deployed at the site of any river bank or riverbed excavation;

2.10.3 If washing of aggregates is necessary, the wash water shall be stored in sedimentation pond(s) and recycled where possible and practical;

2.10.4 Crushing plant and all stockpiles of earth materials, including fines and aggregate, shall be located away from the rivers edge. The location shall be approved by DOE, and shall be well above expected high water levels;

2.10.5 Servicing of crushers and excavation machinery shall not occur within 30m of the river's high water mark. All petroleum residue and waste shall be collected and removed from the site for storage elsewhere as per DOE's requirements;

2.10.6 All loose material as a result of excavation shall be resettled and the disturbed area replanted with indigenous riparian type vegetation concurrently and/or at the end of the construction phase.

2.11 To reduce the impacts of sedimentation on aquatic life and downstream users, during the operational phase of the dam as a result of the flushing of the head pond, BECOL will notify DOE of its intent to carry out this activity. DOE shall respond to BECOL within two weeks of receipt of notification, and no flushing shall be permitted until DOE's approval has been obtained.

2.12 As soon as construction of all roads, quarries, camp sites and staging areas is completed, all disturbed land shall immediately be replanted under the supervision of the Forest Department with indigenous vegetation to prevent

erosion and accumulation of sediments in adjacent streams and rivers, reducing the impacts to aquatic life.

3.0 HYDROMETEOROLOGY AND DISASTER PREPAREDNESS

3.01 BECOL shall conduct hydrological and meteorological monitoring programs in the Mountain Pine Ridge and Raspaculo River sub-basins to include the Vaca area, to be jointly managed by the National Meteorological Service and BECOL. Continuous monitoring of the hydro-meteorological parameters is recommended. The main parameters to be monitored are listed below:

- (i) River stage (river water levels at head pond and tailwater)
- (ii) Total flow at the generating station, including plant discharge, spillway flow, and low-level outlet flow
- (iii) Water temperature
- (iv) Turbidity
- (v) Rainfall
- (vi) Humidity
- (vii) Radiation
- (viii) Wind direction and wind speed
- (ix) Evaporation and Evapo-transpiration
- (x) Other relevant, water quality parameters such as:
alkalinity, hardness, colour, total dissolved oxygen, hydrogen potential or pH, chlorides, conductivity, salinity, and ammonia.

The following parameters shall be measured at Vaca at quarterly intervals for the first two years of operation: nitrates, sulfate and sulfides, phosphorous (phosphate), total coliforms, e-coli, hazardous chemicals including heavy metals (e.g. mercury, lead, arsenic, cadmium, iron). Depending on the outcome of the monitoring program for these parameters, the intervals may be varied for it to be done on an annual basis should there be not much difference in levels of concentration.

3.02 A water quality and quantity monitoring program shall be established by BECOL, in association with the DOE and Hydrology Unit, to monitor all relevant water quality and quantity parameters at the Vaca dam headpond extending up to the Mollejon headpond area, and down to the nearest village (Cristo Rey Village) at different water levels using a data logger type equipment. The GPS coordinates for these monitoring points shall be recorded to ensure consistency and comparability of data over an extended period of time. A copy of the water quality monitoring program shall be submitted to the Hydrology Unit of the Meteorology Department and DOE for approval, and the results of the monitoring program submitted to the

Hydrology Unit and DOE on a monthly basis for the first two years after the filling of the headpond or until water quality parameters stabilize, and on a quarterly basis thereafter. Each report must be accompanied by a narrative analysis. The annual estimated cost for this water quality and quantity monitoring program is \$25,000; costs to be borne by BECOL.

- 3.03 The infrastructure to assist in the above shall include:
- 3.03.1 One automatic weather station located at the west bank of the Macal River between the proposed Vaca dam site and the Mollejon dam to monitor air temperature (maximum, minimum and dry bulb temperatures), humidity, wind direction and speed, rainfall and rainfall intensity, radiation and evaporation. The estimated cost is \$30,000;
 - 3.03.2 The existing Water Level and Rainfall Station on the Rio On be upgraded to a Water Quality and Real Time Monitoring. The estimated cost is \$40,000;
 - 3.03.3 The Meteorology Department shall facilitate the real time transfer of data from the automatic hydrological and meteorology stations using NOAA satellites, back to the Meteorology Office; and
 - 3.03.4 BECOL shall provide a computer modem to link the automatic stations telemetrically and enable transfer of hydrometeorological data from Chalillo, Mollejon, Vaca and BECOL/BEL's main office to the Meteorological Office.
- 3.04 BECOL shall assist DOE to revise its Emergency Preparedness Plan (EPP) for Chalillo and Mollejon in order to include the Vaca project. It should be revised in consultation with appropriate stakeholders including national and local emergency measures organizations. Information on the consequences of dam failure is provided in the EIA. The revised EPP shall be in place before the completion of the Vaca dam.
- 3.05 As an integral component of the Flash Flood Early Warning System, BECOL shall establish the necessary communication to relay a Dam Break Flash Flood warning (as determined in 3.04) to target communities along the lower Macal and Belize river watersheds. The Dam Break Early Warning System shall be in place before the start of operations of the Vaca Dam. It is imperative that routine testing or simulation be conducted to test the effectiveness of the System, especially during the rainy season.
- 3.06 BECOL shall ensure that releases for maintenance purposes from the proposed Vaca headpond, during the dry season, shall be a minimum of 1.5 m³/s or the natural inflow into the headpond, whichever is less.

ensuring that flows in the river downstream of Vaca shall be maintained at or above their natural levels for environmental purposes.

4.0 CLEARANCE OF VEGETATION

Impoundment area

Clearance of vegetation within the impoundment area shall be necessary in an attempt to mitigate impacts on water quality and the methylation of mercury with its subsequent bioaccumulation in fish. A clearance plan shall be submitted to the Forest Department prior to commencement. Vegetation clearance shall be carried out in accordance with the following:

- 4.01 BECOL will attempt to remove all the biomass, including all the green vegetation, within the impoundment area to the extent possible and practical. The cost of this activity shall be submitted to DOE seven working days after contract award.
- 4.02 Clearing shall be done, for the most part, manually. The use of any heavy equipment for clearing shall require the approval of the Forest Department prior to its use.
- 4.03 Burning of cleared vegetation shall be conducted under the strict supervision of the Forest Department and with fire fighting equipment present at all times during these operations. Fire paths with a minimum width of ten meters must be put in place in order to prevent the escape of fires.

Access Road

The following measures are related to the construction of the access road to the dam site construction areas from the existing Mollejon road. The access road shall be built in conjunction with the Ministry of Works and the Forest Department.

- 4.04 Non-petroleum based dust suppressants shall be used at sites of high vehicular activity.
- 4.05 Cleared vegetation shall be removed from the right-of-way and burnt either within a pre-existing quarry or within an approved clearing, preferably within the impoundment area. Approval and supervision of such to be provided by the Forest Department.
- 4.06 Adequate buffer corridors shall be maintained along the river to minimize soil erosion and deposition of sediments into the river.

- 4.07 Vegetation along edges shall be maintained as rich foraging sites for wildlife.
- 4.08 Sections of the corridors along the river shall be under-brushed very lightly to allow for access to conduct monitoring at key locations.
- 4.09 Land clearing shall be restricted to the area prescribed for the right of way. The right of way shall be limited to 20 m.
- 4.10 All marketable timber shall be salvaged under the requirements of the Forest Department.
- 4.11 All temporary drainage shall be realigned to follow pre-construction natural flows.
- 4.12 Sediment breaks shall be installed where rapid run-off over cleared area is likely.

5.0 WASTE MANAGEMENT AND POLLUTION CONTROL

In an effort to control, reduce and prevent the environmental impacts associated with waste generation and its management, BECOL agrees to take the following measures:

- 5.01 A waste management and pollution control plan to cover the entire physical extent of the project shall be prepared in liaison with DOE and the Public Health Bureau and must include all aspects of solid and liquid waste, including sewage.
- 5.02 All solid wastes generated during the implementation of the project shall be properly collected and stored in a designated area, if required, for subsequent disposal at designated and approved site(s) by DOE and the Public Health Bureau.
- 5.03 BECOL shall make the necessary arrangements for the provision of garbage collection, transportation, and disposal services, on a regular basis.
- 5.04 No effluent (wastes) shall be disposed of directly into any waterway at any time during the implementation or operation of the project. All effluent shall be properly treated before disposal.
- 5.05 BECOL shall develop a workable system for waste disposal by ensuring the separation of waste into different categories and treating each

differently according to their capacity to create negative environmental impacts.

Waste Management at Construction Camp and Work Sites

As a component of the waste management and pollution control plan mentioned above, BECOL shall implement the following waste management requirements for the construction camp and work sites.

A. Solid Waste

- 5.06 Waste from all work sites shall be collected and brought to a central storage site for sorting and final disposal.
- 5.07 A plan for any residential camp will be submitted to DOE and the Public Health Bureau for approval.
- 5.08 For organic (food) waste from construction site(s) and domestic solid waste, two separate labeled containers shall be used: one for biodegradable and another for non-biodegradable waste.
- 5.09 Accumulated biodegradable waste suitable for composting shall be placed within a compost pile at a location suitable to the Public Health Bureau and DOE. Compost shall be used for landscaping and rehabilitation of disturbed areas.
- 5.10 Non-biodegradable waste shall be removed from the construction site(s) and transported to a DOE approved waste disposal site.
- 5.11 Sturdy polyethylene bags shall be used to ensure hygienic storage of organic waste before it is collected. Food waste containers shall be closed and of reasonable weight, and placed in an enclosed area in order to prevent unpleasant odor, the proliferation of insects or vermin, and not attract animals.
- 5.12 Trucks used exclusively for transporting solid waste, earth or aggregates shall be employed for household garbage collection. In the absence of the availability of the above, other vehicles used for solid waste transport shall be closed or covered with a tarpaulin to avoid soiling public thoroughfares.
- 5.13 Garbage collection service shall be provided at least three times a week. For reason of hygiene, and so as not to attract animals or vermin to the construction site(s), daily collection is recommended.
- 5.14 It is prohibited to burn waste in the open air, except for branches, trees, dead leaves and empty explosives containers. In such exceptional cases, the person in charge shall take the necessary measures to prevent the fire from spreading and prevent smoke emissions from affecting health, safety or welfare; or damaging the soil, vegetation, wildlife or property.

- 5.15 All construction site surplus materials and dismantled or unused equipment shall be transported to a recovery site, where they shall be sorted.
- 5.16 Material that is not considered useful for the construction site but is reusable (drums, wood, scrap metal, etc.) shall be separated and kept until it can be removed for recycling. Material considered unusable shall be disposed of.
- 5.17 Bulky waste that cannot be deposited in a solid waste disposal site shall be transported to a storage site for eventual recycling.
- 5.18 All metal pieces shall be stored separately in the recovery area for eventual recycling. A recovery area shall be established for every major construction site. This area shall also serve satellite construction sites. Temporary recovery areas shall also be established, but everything stored there shall be transported twice a year to the central recovery area.

B. Liquid Waste

- 5.19 For the treatment of sewage, BECOL shall provide portable toilet facilities or "low flush toilets" with adequately sized and sealed holding tanks at all construction sites. The holding tanks will be serviced on a regular basis and will be removed after completion of construction activities.
- 5.20 Sewage waste disposal from the construction camp will be by similar or alternate means, depending of the proposed location of such campsite(s). Approvals from DOE and the Public Health Bureau will be obtained prior to their installation.
- 5.21 Toilet facilities shall be of sufficient capacity to adequately meet the needs of the workforce at the various different sites.
- 5.22 Toilet facilities shall be properly maintained and always kept in sanitary conditions and properly serviced.
- 5.23 Toilet units shall be designed for privacy while still allowing for adequate ventilation.
- 5.24 Toilet units shall not be placed next to any food preparation area or drinking water source.
- 5.25 Areas around toilet units shall be landscaped to blend in with the local environment.
- 5.26 The sewage and gray water disposal plans including the site plans and designs shall be included in the Waste Management and Pollution Control Plan mentioned above, and shall be approved by the Public Health Bureau and DOE prior to their installation.

C. Waste Oil and Miscellaneous Wastes

The following measures are aimed at the safe handling, storing and disposing of potential contaminants used at the different construction sites.

- 5.27 Waste oil from generators and the servicing of any equipment at the worksite and/or any campsite shall be collected in suitable containers and properly stored within a sealed containment bund with an impermeable floor for subsequent removal from the project site to a disposal site approved by DOE.
- 5.28 Other oils such as hydraulic and lubricating oil, used to service the fleet of vehicles and stationary machinery that shall be employed at the various worksites shall be properly labeled and stored in an enclosed containment area along with the used motor oil. A special building shall be erected solely for this purpose.
- 5.29 Maintenance of vehicles should not be done in the field, except under extreme emergencies and even then proper safeguards shall be taken to avoid accidental oil spills.
- 5.30 All used oils shall be collected and stored in oil barrels of sound condition, and at a well designed and maintained storage site, for later removal from the site.
- 5.31 Fuel tanks shall be placed inside a containment wall built of reinforced concrete, properly sealed to prevent leakage in case of accidental spills. The containable spill volume of the enclosed containment wall area shall be at least 120 per cent of the volume of the largest storage tanks.
- 5.32 The containment wall shall be equipped with a water release valve placed at its lowest end. This valve shall be closed at all times, save on those occasions when it is necessary to release rainwater from the enclosure.
- 5.33 An oil/water separator shall be fitted below the valve. Collected oil shall be periodically skimmed off and stored with used oils for removal from the site.
- 5.34 These fuel depots shall be properly secured and shall have a cleared buffer of at least ten meters from any wooden structure including trees.
- 5.35 The fuel handling and storage site shall have year-round road access and be equipped with signs indicating the nature of the facility and the procedures for fuel handling.
- 5.36 Fuel depots shall be sited on an elevated area in a location approved by DOE, well removed from the river or water bodies, and outside of areas subject to flooding.
- 5.37 The site shall be free of vegetation and be surfaced with a bare gravel layer in the intervening distance between the tanks and the surrounding environs.

- 5.38 The discharge nozzle for fuel storage tanks shall be padlocked in the closed position when not in use. Only authorized personnel with proper training shall be allowed to pump fuel.
- 5.39 The electrical switch for the fuel pump motor shall also be padlocked when the pump is not in use.
- 5.40 Generators shall be placed at least 10 m away from the diesel storage tanks and the fuel lines shall be routed underground.
- 5.41 Fuel storage depots shall be equipped with fire suppressors that are regularly maintained.
- 5.42 Any tank that is no longer in use shall be completely emptied, decontaminated and removed either to a scrap yard or to a site where it shall be reused. All remaining petroleum products shall be recovered and transferred to a liquid waste container for disposal.
- 5.43 The use of any pesticides or herbicides within the project area shall require the permission of the Pesticides Control Board and DOE and shall conform to the requirements of the Pesticides Control Act.
- 5.44 These substances shall be properly stored in a secure area free of the risk of contaminating any water body by accidental spillage.
- 5.45 All accidental spills shall be immediately reported to DOE and measures taken to immediately contain the spill and clean the area. For this purpose a spill response plan shall be submitted to DOE one month after the signing of this ECP or the construction contract, whichever is later.
- 5.46 BECOL shall require that any of its employees of the project who notes the presence, accidental or not, of a contaminant in the environment shall immediately notify the person locally in charge delegated to deal with spills, who shall see that the following actions are taken:
- 5.46.1 Immediately notify DOE;
- 5.46.2 Quickly locate the source of contamination and, if possible, neutralize it;
- 5.46.3 Set up an obstacle to the flow of the spilled product so as to limit its extent and prevent it from reaching sensitive areas;
- 5.46.4 If ignitable liquids are involved, all necessary precautions shall be taken to avoid the risk of explosion;
- 5.46.5 The recovered products and contaminated materials shall be properly stored and disposed of in accordance with the laws,

regulations, directives, procedures, guidelines and notices issued by government authorities; and

- 5.46.6 A report on the incident shall be written by the person locally in charge and immediately transmitted to DOE. It shall contain information on the nature of the product and quantity spilled, on the area affected and on the progress of containment and recovery operations. It shall also include an analysis of the causes of the spill and suggest measures for preventing the recurrence of such an incident.
- 5.47 The open air burning of combustible products is prohibited in forested areas, unless permission has first been obtained from DOE and the Forest Department. Any open air burning of petroleum products (gasoline and other light products) shall be conducted with the greatest of care, in view of the risks of explosion.

6.0 CONSTRUCTION AND OTHER RELATED ACTIVITIES

Construction Camp

Although most of the labor force will be sourced from existing nearby communities (Benque Viejo, Soccotts, San Ignacio etc) a construction camp will be required. BECOL hereby commits to the following:

- 6.01 Before any construction camp is established, a plan (including the specific location) shall be submitted to DOE for approval. No campsite will be allowed within the Vaca Forest Reserve without approval from DOE and the Forest Department; and no occupation of the camp will be allowed until it is adequately equipped with the necessary facilities.

The following sections examine mitigation measures specifically designed for the construction camp facility. The objective is to make sure that the construction camp that shall be constructed and maintained for the project is aesthetically pleasing, comfortable to its occupants, functional, environmentally friendly and durable.

- 6.02 Before the construction camp is established a plan shall be submitted to DOE and an authorization obtained.
- 6.03 Throughout site preparation, the rules governing earthworks, deforestation, construction site equipment maintenance, drainage control, erosion control and other activities indicated in other parts of the ECP shall be followed.

- 6.04 Buildings shall be aesthetically appealing, blending harmoniously with the surrounding natural environment. Suitable planting of indigenous stock shall be placed around buildings to promote the natural blending effect, to shade buildings and to improve the general appearance of the compound.
- 6.05 Buildings shall be designed for good ventilation, effective lighting, ready access to facilities such as bathroom and kitchen and include a communal recreational facility. The bathroom shall be located adjacent to the main building with a covered walkway to allow for easy all weather access. In addition, all openings to the outside shall be screened for insects.
- 6.06 All buildings at the construction camp shall be able to withstand a category-3 hurricane, consistent with EIA requirements.
- 6.07 Workers' dormitories shall be served by one communal kitchen and dining hall. No independent cooking shall be allowed.
- 6.08 Buildings shall be furnished with a suitable number of fire extinguishers placed strategically along hallways and near the food preparation area. Extinguishers shall have a sign placed next to them indicating location and mode of operation of the apparatus.
- 6.09 Qualified professionals following internationally accepted standards shall install electrical and plumbing connections.
- 6.10 When the construction camp is eventually closed down, the camp manager shall be responsible for a comprehensive cleanup and rehabilitation of the area.
- 6.11 When the construction has been completed, the Contractor shall be required to remove all equipment from the project area.
- 6.12 If system power is not available, an engine-driven electrical generator placed at a suitable distance from the main buildings shall provide electrical power for the construction camp. The engine generator assembly shall be placed on a concrete floor designed to contain spills. Containment Bund will be constructed around all fuel storage tanks to meet 110% of the volume of the biggest tank therein. To mitigate against the emission of noise the generator shall be equipped with a suitable muffler system partly routed underground to reduce vibration noise. In addition, the walls of the generator assembly room shall be equipped with proper sound and heat insulating material.

- 6.13 To guard against fire, spark arrestors shall be installed on the engine muffler, and the generator room shall be equipped with fire extinguishers. Walls and roof shall be constructed of non-combustible materials. All dry vegetation and plant debris shall be removed from around the generator room. All combustible materials such as oily rags shall be removed from around the generator as soon as they are utilized.
- 6.14 Waste oil from generator and all other sources at construction and camp sites, shall be collected in suitable containers and properly stored for removal from the site.
- 6.15 BECOL shall provide water to the workers camp from a clean source approved by the Ministry of Health.
- 6.16 The following measures shall be adopted for installation and operation of the construction camp water supply system:
 - 6.16.1 Digging of trenches shall leave existing forest intact, as much as possible. Working space shall be provided only by light brushing of vegetation. Any removal of trees shall require the permission of the Forest Department;
 - 6.16.2 Pipes shall be overlaid with native topsoil, which shall act as trench cover and;
 - 6.16.3 For water conservation purposes the water tower for gravity flow shall be equipped with a floating or pressure operated switch to shut off the pump motor when the tank is full.
- 6.17 Washing of clothes, vehicles or equipment in any watercourse is strictly prohibited.
- 6.18 Within three months after the signing of this compliance plan, or within one month of signing the construction contract, whichever one is later, BECOL shall submit to DOE an Emergency Preparedness Plan for its workforce.

Road Construction and Use

The Roads Management Sub-Program outlines work methods and mitigation measures that shall be implemented by the contractor during the use of existing roads, the upgrading of the road to the proposed dam site and the construction of any new access road. BECOL shall obtain all necessary permits/licenses from relevant agencies prior to commencement of road construction.

- 6.19 BECOL shall construct a secondary access road to the dam site construction area from the existing Mollejon road.
- 6.20 During the dam construction period, the following conditions pertaining to the construction and maintenance of the access road shall be adhered to:
- 6.20.1 To ensure the implementation of the mitigation measures with respect to road construction (e.g. clearance of vegetation, quarrying, pollution control and waste management, etc.), the site manager(s) shall inform all the employees about the measures protecting the environment and their applications;
 - 6.20.2 To reduce the risk of accidents during construction BECOL shall implement a proper signaling system (preventive signaling, information panels) complying with local regulations. A surveillance system shall be set and check points established to enforce safe use of the road network; and
 - 6.20.3 During road works, caution signs shall be placed along road working sections. Emphasis shall be put in critical areas such as populated areas, sharp curves, and high-sloped sections. Also, all working vehicles and equipment shall be properly marked and equipped with warning devices.
- 6.21 The following mitigation measures shall be implemented to ensure free flow of water through natural drains, creeks, streams and rivers during road upgrading:
- 6.21.1 All debris impeding normal flow of water shall be immediately removed;
 - 6.21.2 All structures used as temporary watercourse crossings shall be removed immediately following their temporary usage;
 - 6.21.3 All damaged culverts shall be repaired, and small bridges and culverts for flood flows shall be properly dimensioned to allow for free flow of water; and
 - 6.21.4 All structures shall be protected against erosion and designed not to cause erosion.
- 6.22 The following conditions apply to any and all types of stationary and/or mobile construction equipment on site utilized during construction and operation activities, including such stationary equipment as compressors, crushers, screens, concrete mixers, pumps and mobile equipment such as

heavy or light vehicles, tractors, bulldozers, trucks, caterpillar motioned equipment, etc:

6.22.1 Tractors and other construction site equipment shall not circulate on slopes susceptible to erosion, unless authorized by the Forest Department; and

6.22.2 Tractors equipped with rakes or forks rather than blades shall be used for stacking waste wood from cleared areas and for other similar activities.

Transmission Line Construction

This section addresses the environmental concerns and identifies steps to be taken to allow for the proper construction and post construction reclamation of the areas which shall be disturbed as a direct or indirect result of transmission line construction. The following items specify the required measures to be implemented when traversing vulnerable soils and their protective forest cover, public right of ways, waterways, steep and hilly terrain, and important recreational areas.

6.23 The route for the transmission line shall be determined by BEL in consultation with DOE and the Forest Department.

6.24 The route shall not cross any wetland and flood prone areas.

6.25 The transmission line shall utilize shield wiring for lightning protection which shall be installed at a minimum height of ten meters above the ground.

6.26 All topsoil removed during construction of the transmission lines shall be stockpiled and reused during the reclamation phase.

6.27 To ensure the implementation of the mitigation measures with respect to transmission line construction (e.g. clearance of vegetation, quarrying, pollution control and waste management, etc.), all employees shall be informed about the measures protecting the environment contained in this ECP and their applications.

6.28 All sections of the transmission line corridor shall be hand-cleared to no more than a width measuring 40 m across, except for "danger" trees outside of this area. All trees identified as danger trees shall be marked for easy identification to be verified by the Forest Department staff before cutting. This corridor shall allow for flexibility in the placement of the line to avoid environmentally or culturally sensitive sites.

- 6.29 All areas along the right-of-way, except for the 40 m corridor which runs along or across creeks and streams, shall be hand-cleared to ground level to maintain a direct line of sight between poles. Where grass is the only existing vegetation and in view of the soil stabilization properties of grass, these areas shall not be cleared.
- 6.30 The Forest Department shall be given prior notification of construction dates and description of all activities associated with the construction period.
- 6.31 The entire corridor shall be staked out with highly visible markers prior to construction of transmission lines.
- 6.32 Vehicles utilized during the transmission line construction shall be restricted to the right of way and other designated roads. These vehicles shall not traverse the areas immediately next to the river nor shall they operate in other environmentally sensitive areas during rainy periods. No handling of fuels or oils shall be permitted next to any watercourse.
- 6.33 Slopes greater than 30 degrees shall be avoided entirely, except in cases where lines can be strung on poles positioned on the summit of the hills.
- 6.34 Only light brushing of slopes between 15 and 30 degrees shall be allowed.
- 6.35 All debris, produced as a result of construction activities, impeding normal flow of water within natural drains, creeks, streams, and rivers shall be immediately removed and a buffer zone of light brush shall be maintained along streams for 20 meters.
- 6.36 The burning of plant debris shall require the prior approval of the Forest Department. Fire extinguishers shall be on site at all times during the construction period.
- 6.37 Any temporary drainage shall be realigned to follow pre-construction natural flows.
- 6.38 Sediment breaks shall be installed where rapid run-off over cleared areas is likely.
- 6.39 All vulnerable soils exposed during the construction of the transmission line shall be re-vegetated with seedlings of species native to the area.
- 6.40 Absolutely no discarded litter is to be left on site.

- 6.41 Drainage works on slopes greater than fifteen degrees shall not be permitted and, in such cases, construction right-of-way shall be rerouted around the slope.
- 6.42 Sediment breaks consisting of berms and/or diversion ditches shall be used on steep slopes.
- 6.43 Road works shall not be undertaken on the banks of creeks or streams to avoid washing of sediments into the waterways.
- 6.44 Where steep slopes lead down to the high-water mark, clearing of the right-of-way shall not proceed beyond the crest of the slope above the high water mark. Beyond this point only a sighting trail shall be permitted to facilitate spotting of the poles. Only manual installation equipment shall be used beyond this point.
- 6.45 Temporary huts or shelters shall not be constructed on slopes.
- 6.46 In areas where depths to bedrock are shallow, the following measures shall be implemented to minimize soil disturbance and maintain the aesthetic qualities of the area:
 - 6.46.1 A minimum of 48 hours notice shall be given to all interests operating in the area if blasting is to be conducted. This notice shall include the details of the proposed blasting schedule and the specific details of blasting locations;
 - 6.46.2 Warning signs shall be posted at highly visible access points where blasting is to take place; and
 - 6.46.3 All boulders and stones that impede traffic along the right-of-way shall be removed after blasting.
- 6.47 Where the transmission line corridor crosses minor streams, which shall be seasonally dry, the following measures shall be implemented:
 - 6.47.1 Placement of poles within seven meters from the streambeds shall not be permitted except where it is not practical to maintain this distance;
 - 6.47.2 Poles shall not be hauled over creeks or along stream beds;
 - 6.47.3 This area shall be cleared only of obstructive trees. All light brush shall remain intact or lightly brushed only to improve visibility;

- 6.47.4 As far as possible and practical line crossing over creeks shall take place in a direction perpendicular to the flow of the creek; and
- 6.47.5 All cuts and fillings shall be re-contoured in conformity to existing topography.
- 6.48 In areas where the transmission line crosses any roads, the following measures shall be implemented:
- 6.48.1 The transmission line shall cross the road in as inconspicuous a location as possible and practical;
- 6.48.2 The poles shall be sited back from the road to allow for future road expansion and as a safety factor to minimize the possibilities of collision into the poles;
- 6.48.3 Signage shall be erected at conspicuous locations along the road, informing motorists of the presence of the transmission line;
- 6.48.4 Crossing of the transmission line over the road shall, as much as possible and practical, take place in a direction that is abrupt and perpendicular to the road; and
- 6.48.5 Contouring made between the road and the transmission line right-of-way shall be returned to pre-existing condition at the end of the construction period.

Construction of Dam, Power house and Switch Area

The following conditions shall apply to the construction of the dam:

- 6.49 The maximum dam height at Vaca shall be restricted to that required to provide water impoundment to an elevation not to exceed the tailwater elevation at the Mollejon plant.
- 6.50 Prior to construction, preliminary engineering design layouts and a design brief for the dam, as well as the geotechnical assessments conducted and associated with the implementation of the project, shall be submitted to Ministry of Works for review. An additional copy of the geotechnical information shall be sent to the Director, Geology and Petroleum Department (GPD).
- 6.51 Instrumentation shall be installed within and beneath the dam to monitor its performance. These instruments will measure such things as seepage under the dam, pressure drops across the grout curtain, settlement of the dam and the water level in the headpond.

- 6.52 The spillway of the dam shall be designed to handle the Probable Maximum Flood.

Powerhouse and Switch Yard

The following measures shall apply to the construction of the powerhouse:

- 6.53 The powerhouse shall be located at the downstream end of the penstock where the flow should be divided equally between the number of generating units in the powerhouse.
- 6.54 The powerhouse shall be located at the toe of the dam. The exact location and construction will be determined by geotechnical conditions.
- 6.55 It shall be designed to house two or three generating units with a total installed capacity of about 18 MW.
- 6.56 The substation shall be located adjacent to the powerhouse and shall be in an enclosed area.
- 6.57 The substation shall be as inconspicuous as possible and practical.
- 6.58 The design and location shall ensure it causes minimal noise and light pollution.

7.0 QUARRIES, BURROW PITS AND OTHER EARTH MOVEMENT ACTIVITIES

The construction of the Vaca Hydroelectric Project will involve the excavation of material downstream of the powerhouse to create a tailrace. If this material is suitable for construction, it shall be used where required in the project. If a rockfill dam is selected as the preferred alternative, then a large spillway will be excavated near the dam. The material from this excavation will be used in the dam construction. A burrow pit may also be needed for upgrading of the access roads. It shall be required that BECOL provide a safe and secure area for the storage of explosive materials (e.g.g dynamites, detonators). A plan for such storage will be submitted to the relevant agencies for approval, copied to the Department.

BECOL shall obtain all permit(s) and license(s) required for earth movement activities from the Geology and Petroleum Department (GPD) prior to commencement of earth movement activities.

The following conditions are for the management of areas where consolidated deposits and unconsolidated mineral substances are extracted for the project.

These sites could be as far as possible and practical within the impoundment area, but above the high water level mark:

- 7.01 If and when new burrow areas are needed during construction, environmental clearance from DOE and the approval of the GPD will be obtained prior to their utilization.
- 7.02 All extraction sites shall be surveyed prior to the commencement of the activities and the specific sites approved by the GPD.
- 7.03 Material for the access road construction from the Mollejon road to the dam site shall be extracted from either the impoundment area or from approved existing burrow pits and quarry areas.
- 7.04 Extraction activities shall be conducted with a view to on going and/or subsequent rehabilitation of the extraction area outside of the impoundment areas.
- 7.05 The boundaries of the extraction site shall be clearly demarcated. Markers shall be put in place before work begins and shall remain clearly visible throughout the operation.
- 7.06 Vegetation cover shall be removed sparingly at the burrow pits or quarry sites; only that which is necessary for the extraction of excavated material.
- 7.07 All forest trails to burrow pit(s) or quarry area(s) shall be maintained and rehabilitated to their natural condition by the filling in of ruts and re-contouring of the road to its previous natural condition.
- 7.08 Slopes and edges of pits shall fit harmoniously with the landscape. The soil shall be stabilized to prevent the land from sinking or eroding. If necessary, the disturbed areas and slopes shall be covered with vegetation.
- 7.09 For hillside quarries, the final vertical cut shall not exceed 10 meters.
- 7.10 To encourage growth, when discontinuing the use of a burrow area, slopes shall be reduced and topsoil replaced or stabilizing structures installed.
- 7.11 Crushers shall be equipped with dust collectors, and dust control products shall be used in treating aggregate material.
- 7.12 Crushing plant and aggregate stockpile shall be located at a site to be approved by DOE, well above the high-water mark along the river and well removed from areas subject to flooding.

- 7.13 If washing of aggregates is necessary the wash water shall be stored in sedimentation pond(s) and recycled.
- 7.14 Servicing of crushing and excavating machinery shall not occur within 30 meters of the high-water mark of any watercourse.
- 7.15 Practical measures, as determined by DOE and BECOL, shall be taken to minimize the pollution related to secondary sources of contamination such as dust from access roads, parking areas, traffic zones or piles of aggregate material that affect the quality of the environment.
- 7.16 Different options of rehabilitation methods to be utilized are the following:
 - 7.16.1 Leveling and restoring of vegetation (planting of native trees, bushes or vegetation known for erosion control); and
 - 7.16.2 Landfill (earth, sand or stone), followed by surface re-vegetation.
- 7.17 To reduce the environmental emissions that affect air quality, the following measures shall be taken:
 - 7.17.1 Schedules and itineraries of heavy vehicles outside construction sites in residential and recreation areas shall be established in order to reduce nuisances during road construction;
 - 7.17.2 Cement and other fine material shall be sealed during transport to avoid dust. Materials containing fine particles shall be covered with a firmly attached tarpaulin;
 - 7.17.3 Only properly maintained equipment shall be permitted to operate on site; and
 - 7.17.4 Dust emissions arising from the use of construction site equipment shall be controlled so as not to affect health, safety or well being of personnel or damage to the environment. Dirt roads such as the Mollejon and access road shall be regularly sprayed with dust suppressant.

8.0 SOCIAL AND HEALTH RELATED ISSUES

Work Force

The following measures shall be implemented during construction for the protection of the workforce.

- 8.01 Camp facilities shall be designed to ensure that accommodations and boarding facilities shall be comfortable for the workers during their stay at these facilities. These facilities shall be maintained in healthy sanitary conditions at all times. Space allocation for each individual dormitory shall be a minimum of 3.5 m².
- 8.02 No pets shall be allowed. The exceptions are those required by security staff, which shall not be allowed to range freely, and cats as required to keep away rodents.
- 8.03 Proper dining accommodation with adequate number of seating and eating furniture shall be provided. Dishwashing facilities shall also be provided.
- 8.04 Basins shall be provided for the proper washing of hands before and after eating.
- 8.05 BECOL shall ensure that refrigerators and freezers are provided to ensure proper temperature control for food storage. BECOL shall also ensure that all refrigeration equipment uses Ozone Friendly Refrigerants.
- 8.06 Emergency first aid kits shall be made available at all construction areas. Telephones or other means of communication equipment shall be available at working areas so that all emergencies can be attended to immediately. All employees shall be provided with proper protective gear adapted to their specific type of work.
- 8.07 For the control of larvae, granular abate insecticide shall be applied to all potential breeding sites within a radius of 1.6 km.
- 8.08 Control measures for destroying adult mosquitoes shall include spraying, fogging and use of domestic insecticide.
- 8.09 The application for the eradication process shall be done in one of the following ways: BECOL shall purchase the necessary equipment and execute the control measures; BECOL shall subcontract the services of a private pest extermination agency; or BECOL shall subcontract the services of the Vector Control Program of the Ministry of Health. Before any eradication program is implemented, information with respect to the program shall be sent to DOE for its review.
- 8.10 During the construction and operational phase of the Vaca dam, BECOL shall bear the cost for the implementation of a vector control program (developed in conjunction with the Ministry of Health) for the control of diseases such as Malaria. In an attempt to prevent the introduction of any disease within the project area, BECOL shall ensure that all workers of foreign nationality shall be screened for Schistosomiasis, Malaria and Onchocerciasis by a physician. Copies of these medical reports shall be sent to the Ministry of Health.
- 8.11 An Occupational Health and Security Plan shall be designed for the work force. This plan shall be submitted to the Public Health Bureau for its

approval six months after the signing of this compliance plan, or one month after the construction contract is awarded, whichever is later.

- 8.12 Primary health clinic services shall be provided at least once per week for the work force during construction. Arrangements for the provision of this service shall be made with the Ministry of Health or the Contractor who shall set up his own facility at the site. The incremental cost of providing this service shall be borne by BECOL.
- 8.13 A non-discrimination employment policy with respect to gender, race, religion or political party affiliation shall be implemented.

Public Awareness/Education

- 8.14 After the signing of this compliance plan, BECOL shall commence a series of public information sessions to inform the general public of the information contained in the final EIA report and the conditions under which environmental clearance has been issued. A series of at least four sessions shall be held within the first year (12 months) period in different areas of the country. This public awareness program shall be developed by BECOL and submitted to DOE. The approved program and its schedule shall be advertised at least two weeks consecutively in two of the most widely circulated newspapers in the country and announced publicly on the radio. The program shall ensure that these sessions shall be held in San Ignacio and three other major populated areas of the country.
- 8.15 BECOL will actively continue the use of its existing Public Participation Committee. The intended purpose of the Committee shall include working with BEL/BECOL to promote the following:
 - 8.15.1 Regular information exchange between BEL/BECOL and the various stakeholders;
 - 8.15.2 Meetings of the committee will be held at least quarterly.
 - 8.15.3 Monitoring of community concerns and issues related to the series of hydroelectric schemes on the Macal River (emphasis on tourism industry and riverbank residents);
 - 8.15.4 Maximization of local benefits through identifying opportunities for increased participation in the Project; and
 - 8.15.5 Enhanced participation of women in the Project.
- 8.16 The cost of this program is estimated at \$20,000 for the construction phase, and \$10,000 per year for the first three years of operations at the Vaca dam; this cost shall be borne by BECOL.

Mercury Risk Management

- 8.17 To prevent potential health effects to fish consumers, the existing risk mercury management program implemented for the Chalillo project shall be expanded to include the Vaca headpond, between Vaca and Mollejon, and downstream of the Vaca Dam. The expanded program shall be developed by BECOL and DOE.
- 8.18 The reports from the independent consultant and the laboratory conducting the bioassays will be copied to the DOE.
- 8.19 The cost of the Mercury Risk Management program for the section being the Vaca headpond and downstream is estimated at \$30,000 for the first year, and \$12,000 for subsequent years of operations at the dam; which cost shall be borne by BECOL.

IV. ENFORCEMENT AND MONITORING

The implementation of this ECP shall be the direct responsibility of BECOL and/or its successors. DOE, in conjunction with other relevant agencies and in particular members of the NEAC, shall carry out compliance monitoring to ensure that this ECP is being adhered to. During development, measures taken to mitigate negative environmental impacts shall be reviewed to assure compliance with the objectives of the plan. As development continues, the adequacy of mitigation measures shall be assessed and where necessary revised in consultation with BECOL.

- 9.01 Environmental protection measures shall be incorporated at the detailed engineering stage to ensure the implementation of the protection measures. Mitigation measures and work methods contained in this ECP will be reflected and incorporated into plans, specifications and tender documents.
- 9.02 BECOL shall ensure that other requirements, which are contained as conditions of local permits or environmental legislation, are stipulated in tender documents.
- 9.03 BECOL shall analyze all plans and specifications to make sure that specifications for any given component are in line with requirements and conditions of performance contained in the ECP, local sector permits, Belize laws, standards and regulations with regard to environmental protection and conservation.
- 9.04 All employees shall adhere to a comprehensive code of conduct. Repeated intentional failure to respect it shall be a contractual cause for immediate dismissal.

- 9.05 BECOL shall appoint an on-site liaison officer responsible for environmental protection in work areas for distributing information pertaining to environmental protection to contractors and employees and for reporting to DOE on environmental activities and commitments made herein.
- 9.06 To ensure that compliance monitoring is conducted with respect to this ECP, BECOL agrees to cover the incremental costs associated with such activities. The incremental cost is estimated at \$35,000 per annum for the construction phase and \$25,000 per annum for the first two years of operation and shall be paid to DOE. The environmental monitoring fees for the years thereafter will be agreed upon between both parties to this ECP. First payment shall be made within three months after the signing of this ECP.

V. REPORTING REQUIREMENTS

The Developer shall comply with any and all of the reporting requirements specified in this compliance plan.

Before commencing work on a separate area, phase or feature of the project, all environmental concerns relating to the activities contemplated, shall be reviewed by BECOL, its agents or assigns. Periodic meetings shall be held with all supervisors regarding the implementation of ongoing environmental considerations.

All reports generated by DOE on compliance monitoring of the ECP and BECOL's facilities shall be provided to BECOL.

All other reports (wildlife surveys, mercury level monitoring, water quality monitoring, etc.) required hereunder shall be provided to DOE in electronic and hard copy as soon as they have been prepared.

VI. POST DEVELOPMENT REVIEW

After the construction period, the exercising of sound environmental ethic shall not end, but rather provisions shall be made for the monitoring of all facilities in the post-construction period. A system shall be put in place for reporting negative impacts as well as a means of co-opting project proponents to implement corrective mitigation measures where the need arises.

Additional monitoring shall be carried out to ensure that the various pollution control features and facilities installed are functioning and maintained properly.

As previously mentioned, wanton disregard for the conditions agreed upon in this document shall result in the revocation of all permits and licenses issued for the implementation of this project and in the imposition of administrative and/or legal penalties.


The Developer of Vaca Dam, BECOL, shall be required to provide a Performance Bond equivalent to five hundred thousand dollars (\$500,000) for the construction phase and two hundred thousand dollars (\$200,000) for the first two years of operational phase of this hydroelectric project. This is to ensure compliance with and implementation of the provisions of this compliance plan. This bond can be renewed on an annual basis.

The Performance Bond shall be submitted to DOE thirty days prior to the commencement of construction of the Vaca Dam.

Material breach of any or all of the foregoing terms and conditions shall be grounds for claims to be made against the Performance Bond.

BECOL herein agrees to comply with this Environmental Compliance Plan (ECP).

SIGNED on behalf of
Belize Electric Company Limited

) 
) _____
) Stephen Usher
) Vice President/Operation


SIGNED on behalf of the
Department of the Environment

) 
) _____
) Martin Alegria
) Chief Environmental Officer
) Department of the Environment

I J. G. Evans am the attesting witness to the due execution of the said instrument and the signature hereto subscribed as that of such attesting witness is in proper handwriting of the said deponent.

Sworn at the Department of the Environment, Belmopan, on

the 26th day of January, 2007.


WITNESS