

GRENLEC's Renewable Standard Offer

Version: 1.1

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This document provides as a general overview of the *Customer-owned Renewable Generation Standard Offer*, for the purchase of renewable energy. Please note that the Overview does not contain the full details of the Renewable Standard Offer and is not binding on GRENLEC. Further, GRENLEC may change, modify, amend, or update the Renewable Standard Offer at any time and without notice. While GRENLEC will endeavor to keep the Overview current, GRENLEC cannot guarantee its accuracy or completeness.

Please refer to the **Renewable Standard Offer Contracts** and the **Distributed Generation Interconnection Policy** for the most up-to-date, binding terms and conditions. Capitalized terms used in this Overview that are not defined within have the meanings given in the Distributed Generation Interconnection Policy.

Introduction

GRENLEC wishes to increase the penetration of renewable energy on its system. The Renewable Standard Offer for purchase of renewable electric energy produced by GRENLEC's customers is designed to work towards this goal. It is similar to feed-in tariffs used in Europe and in at least five states in the U.S. The Renewable Standard Offer is designed for Customers with an interest in the installation of renewable energy technology less than or equal to 100 kilowatts (kW) installed nameplate capacity per customer location.

The Renewable Standard Offer has been designed in response to Customer input using guidance from GRENLEC's Board of Directors concerning the terms by which GRENLEC may purchase renewable energy. All of the major renewable power generating technologies, including solar, wind, biomass gasification, and mature renewable technologies are contemplated under this program.

The Renewable Standard Offer will include a block of power up to 500 kW aggregate of installed nameplate capacity under this phase of the program (Phase II). Review of quantity caps and pricing will occur at least annually, and when a quantity block is fully subscribed.

The Renewable Standard Offer Overview is intended to provide:

- Potential renewable project Applicants with a simplified version of the Renewable Standard Offer Policy
- Overview for developing a customer-owned renewable energy installation under the Renewable Standard Offer

- Guidance to potential Renewable Standard Offer Applicants in preparing for the Renewable Standard Offer application process.

The Renewable Standard Offer Application Instructions are included in the GRENLEC Interconnection Application and Policy and will guide applicants through the process for completing and submitting an application form.

This document also provides an overview of the scope of the requirements for developing a renewable energy project under the Renewable Standard Offer. However, it is not intended to provide a complete listing of all the requirements which are defined in the Interconnection Policy and the Renewable Standard Offer Contracts.

New in this phase of Grenlec's Standard Offer is the opportunity for Customers to participate under one of two commercial arrangements. For the first time, the Customer has a choice of opting for a fixed ten year feed in tariff, or a variable tariff which will be adjusted annually based on the market price of fuel.

Before applying for a Renewable Standard Offer Contract, applicants should investigate all of the requirements for owning and operating a renewable generating facility, including permits, assessing income and property tax impacts, and tracking costs. Consulting with experienced professionals prior to making a significant investment is strongly advised.

Section 1 Standard Offer Details

1.1 Renewable Standard Offer Criteria

1.1.1 Eligibility Requirements

What projects are eligible to apply for a Renewable Standard Offer contract?

The Renewable Standard Offer is open to installations of 100 kW nameplate capacity and less of a variety of fuel types. Principal requirements state that the Project must be eligible for connection to the GRENLEC electrical network, in-service after January 1, 2011, and customer owned.

Qualifying renewable fuel sources include:

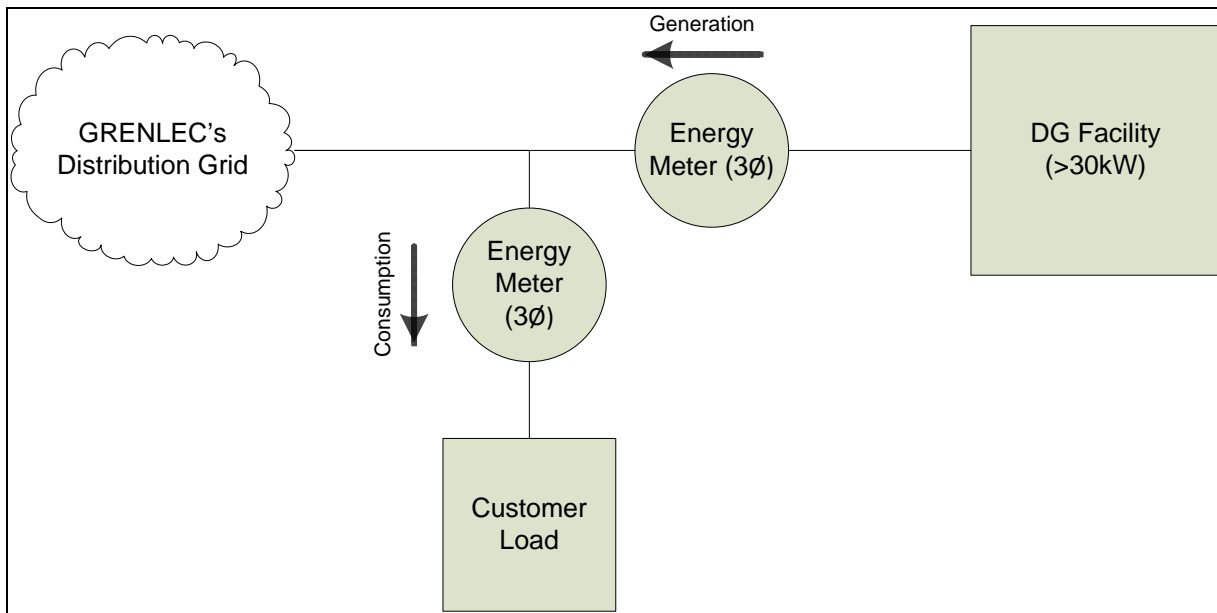
- Solar
- Wind
- Qualified Biomass resources
- Hydrokinetic

Qualified Biomass includes solid, liquid, or gaseous forms of renewable biomass from the following: a) All wood waste including "black liquor" from pulp and paper processing, mill residues, industrial waste wood, and waste wood from woodworking or wood-processing, so long as the wood is not chemically treated or coated; b) All agricultural crops or waste; c) All

animal and other organic waste; d) All energy crops; and e) Landfill gas and wastewater methane.

1.1.2 Interconnection Configuration

Interconnection of Customer RE Facility under this standard offer will be via a ‘Net Billing’ configuration illustrated in the figure below. In this configuration two distribution class meters are installed. One meter registers all the energy generated by the DG facility while the other registers all the energy consumed by the Customer’s. GRENLEC will purchase all the energy produced by DG facility while the Customer will pay for all their energy consumption at the regular utility rate



1.1.3 Pricing and Price Schedule

Pricing under the Renewable Standard Offer will be for a bundle of energy, ancillary services, capacity attributes, RECs (Renewable Energy Credits), and additional/future environmental attributes. Prices are defined in the associated Interconnection Contracts.

Under the Phase II Standard Offer, the Customer may opt for one of two commercial arrangements: A fixed price of \$EC0.45/kWh for the duration of the agreement or a variable price on a per kWh basis calculated annually on the previous twelve month fuel price average as further defined below.

OPTION 1: Fixed Ten Year Power Price

Description: Under this option, the Customer agrees to receive or be credited with a fixed price of \$EC 0.45/kWh generated by the Customer’s SSEG facility for the duration of this agreement.

OPTION 2: Variable Ten Year Power Price

Under this option, the undersigned Customer agrees to receive or be credited with a price per kWh calculated in the following manner. The price paid by Grenlec to the Customer on a kWh basis shall be equivalent to Grenlec’s avoided cost of fuel based on a calculated average for the previous twelve calendar months. This price shall be calculated and adjusted annually on the first working day of January each year. Fuel shall be defined as diesel or any other fuel equivalent used for the generation of electricity which may include but not be limited to wind energy, utility scale solar, biomass, hydro or hydro kintetic or geothermal.

1.1.4 Contract Length

Contract duration will be 10 years. GRENLEC reserves the right to change what contract lengths it is offering at any time; however, these modifications will not affect any executed Renewable Standard Offer Contracts.

1.1.5 Program Review

GRENLEC intends to review and amend, as necessary, the Renewable Standard Offer, Renewable Standard Offer Guidelines, Renewable Standard Offer Contract, and price schedule at regular intervals. The first review is scheduled to take place one year after the Renewable Standard Offer launch. Notwithstanding an annual review, GRENLEC may also, at any time, make changes to the Renewable Standard Offer (including substantial changes to or a suspension or termination of the Renewable Standard Offer), the Renewable Standard Offer Guidelines, the form of the Renewable Standard Offer Contract, or the price schedule. Amendments outside of the annual review may be in response to changes in laws and regulations, significant changes in market conditions, or other circumstances as required. Subsequent changes to the program will not affect any executed Renewable Standard Offer Contracts.

1.2 Fees and Security

The following payments are due to GRENLEC at various stages of the application and contract processes. The table below summarizes the various applicable fees.

Item	Fee
Application Fee	EC\$150
System Impact Study Fee	TBD according to installation size
System Impact Mitigation/Upgrade Cost	As required
Performance Assurance Fee	Waived
New revenue class energy meter	Current price

The payments must be received by GRENLEC prior to the Agreement entering into effect. Note also that VAT will be applicable to these charges.

1.3 Interconnection Availability

All interested Applicants are encouraged to consult with GRENLEC to determine the likelihood that their Project can be interconnected consistent with the desired timeline. Applicants are responsible for all Interconnection Costs, including system impact studies, metering, system upgrades and expansions, and operating and maintenance for facilities used in interconnection.

1.4 Environmental Review and Acceptability

Applicants are urged to consult with the Physical Planning Unit of the Ministry of Works regarding compliance procedures prior to submitting an Application to determine the likelihood that their project can be reviewed for environmental acceptability consistent with the desired, timeline. Applicants are responsible for all costs associated with the conduct of, and preparation of documentation for, the appropriate level of environmental review.

Section 2 Submitting an Application for Power Purchase

Applications, along with instructions, are available on GRENLEC's website (www.grenlec.com), via mail request through Renewable Standard Offer, Halifax Street, P.O. Box 381, St. Georges, Grenada, or via email request at customersupport@grenlec.com.

An application package must include the following:

- One signed copy of the completed application form
- Electrical Schematic (including proposed earthing)
- Inverter Test Certificate
- Application fee

Upon determination by GRENLEC that a Project meets the Project and Application eligibility requirements of the Renewable Standard Offer, an Application will be assigned a Date Stamp. All Applications will be processed on the basis of the Date Stamp, i.e., the order in which they were received.

GRENLEC may request clarification or additional information on a specific Application, but is not obligated to do so. Applicants shall provide the additional information within ten (10) business days of request. Incomplete Applications will be rejected, and the Application Fee and the Date Stamp forfeited. However, the Applicant can re-apply once the Application is complete. This will be considered a new Application and the Applicant will be assigned a new Date Stamp.

Applicants need to be aware that they are solely responsible for ensuring the technical, regulatory, and financial viability of their Projects, and that GRENLEC has no responsibility whatsoever to independently assess the viability of any Application or Project, nor any liability

whatsoever in the event that a Project turns out not to be viable in any respect. A decision by GRENLEC to accept or reject an Application will be final and binding and not subject to appeal. Submission and acceptance of an Application does not create any binding obligation between GRENLEC and the Applicant. The Renewable Standard Offer Contract is the only document that creates a legal obligation between the two parties.

Section 3 Contract and Milestones

3.1 Contract Issuance and Acceptance

GRENLEC will notify Applicants by issuance of a Renewable Standard Offer once it has been determined that an Application has met the Renewable Standard Offer requirements and that the Project will not exceed the technology-specific quantity block. If the Renewable Standard Offer Contract is not executed and returned to GRENLEC within ten (10) business days, the Application will be deemed to have been effectively withdrawn and the Renewable Standard Offer Contract will be revoked.

3.2 Renewable Standard Offer Contracts

The Renewable Standard Offer Contract defines standard terms, conditions and exhibits; and shall be used as binding a document going forward. A simplified form of this contract is applicable for installations with capacities of 10kW or less while a more detailed version is applicable for installations greater than 10kW. Copies of these contracts, in their accepted form, are posted on the GRENLEC website along with the corresponding application forms. Applicants should review the Renewable Standard Offer Contract prior to making an Application.

3.3 Execution of Contract

Applicants have twelve (12) months from the granting of the Interconnection Agreement (Contract) to enter into production; otherwise, GRENLEC may terminate the Renewable Standard Offer Contract. In order to enter into service, the Applicant must:

- present receipt of any applicable permits for the Project's construction;
- execute of any necessary interconnection agreements with GRENLEC;
- make payment in full of any upgrade costs;
- installation, operation, maintenance, and reading of the metering equipment;
- demonstration of completion of the appropriate environmental review; present certificate showing that their installation passed the Government's electrical inspection.

GRENLEC will issue permission to interconnect if all of these items are present and deemed satisfactory.

If any of these items is missing, GRENLEC may terminate the Renewable Standard Offer Contract, or defer its decision in accordance with the terms of the Renewable Standard Offer Contract.

3.4 Initial Delivery Date

The Initial Delivery Date is determined by completion or satisfaction of the conditions defined in Section 3.3 and demonstration that the Project is capable of generating and delivering Energy Output to the Delivery Point in a consistent and reliable manner. The Initial Delivery Date must be within one year after the receipt of the Notice to Proceed. Failure to achieve this milestone may result in termination of the Renewable Standard Offer Contract.

Section 4 For More Information

If you have questions about the Renewable Standard Offer for the purchase of renewable energy, please contact us.

Grenada Electricity Services, Ltd.

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