

## Conditions Precedent

- If certain conditions are not met prior to the financial closing date, the PPA may be terminated with no liability to either Party and WAPA will return any Construction Security to Seller

<b>Condition</b>	<b>Who may terminate?</b>
Approval of the PPA and Interconnection Agreement by the Virgin Islands PSC within 90 days of the execution of the PPA ("Contract Date") (November 8, 2009)	WAPA or Seller
Seller and VIWMA entering into a Solid Waste Management Service Contract	WAPA or Seller
Seller obtaining all permits and approvals necessary to commence construction on the Facilities by December 15, 2010	WAPA
Within 180 days of the Contract Date, Seller notifies WAPA of the costs of the Dock and Site, and WAPA agrees to share 50% of any costs in excess of an agreed upon amount (February 6, 2010)	Seller
WAPA's credit rating on its senior unsecured bonds remaining above investment grade rating	Seller
The Service Contract remaining in full force and effect	WAPA

## Governmental Incentives and Credits

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- Allocation – Pursuant to a letter agreement with EIF and Alpine, if the Facilities qualify for any governmental incentives enacted after April 28, 2008, WAPA will receive 90% and Seller will receive 10% of the benefits after transaction costs
  
- ITC Grant or ITC
  - Seller will seek to qualify the Facilities for the ITC Grant or ITC under the American Recovery and Reinvestment Act of 2009 (“ARRA”), which was enacted on February 19, 2009
    - ITC – The ITC is a tax credit equal to 30% of the eligible cost of the Facilities. The ITC offsets US income taxes that would otherwise be paid
    - ITC Grant – If a Facility qualifies for the ITC, under the ARRA, the Treasury Department will pay the owner an amount equal to the tax benefit from the ITC within 60 days of its commercial operation date
  - If the Facilities qualify for the ITC Grant or ITC, WAPA will receive 90% of the benefit

## Dual-Fuel Facilities

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- RDF Fuel – Seller will supply a minimum amount of RDF and supplemental fuel at no cost to WAPA (*PPA Section 4.13*)
  - RDF Fuel will be produced from MSW provided under the Service Contract with VIWMA
  - Supplemental fuel will be supplied by VIWMA and other sources
- Pet Coke – WAPA will supply Pet Coke (from HOVENSA) at its own cost (*PPA Section 4.13*)
- Financial Incentives – Seller will receive financial incentives to produce more RDF and obtain supplemental fuels in excess of its commitment (*PPA Section 4.5*)
  - Seller will also receive financial incentives to maintain the heat rate efficiency of the Facilities to lower fuel consumption and WAPA's cost of Pet Coke (*PPA Section 6.4*)

## Pet Coke Fuel Supply

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- WAPA, at its own cost, will be responsible for arranging, procuring, and delivering the Pet Coke to the Facilities
  - WAPA will contract with HOVENSA for the Pet Coke supply
  - WAPA will be responsible for transportation of the Pet Coke to the Facilities
- Seller, at its own cost, will be responsible for unloading, handling and storage of the Pet Coke
- At WAPA's request, and at WAPA's expense, Seller will manage WAPA's fuel contracts and arrange for the scheduling, transportation, and delivery of the Pet Coke

# Overview of the Alpine Project

