



**BULK GENERATION LICENCE - RENEWABLE
ENERGY**

granted to

Saturn Solar Bermuda 1 Ltd.

Licensee: Saturn Solar Bermuda 1 Ltd.

Licence Number: BG2020042801

Issue Date: 28 April 2020

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PART I DEFINITIONS, INTERPRETATION, SCOPE AND TERMS OF THE LICENCE

The Regulatory Authority of Bermuda (the "**RA**"), in exercise of the powers conferred to it by the Electricity Act 2016 (the "**EA**") hereby grants to **Saturn Solar Bermuda 1 Ltd.** (the "**Licensee**") a licence (the "**Licence**"), to engage in the Bulk Generation of Renewable Energy at the generation station identified in Schedule 1 and hereinafter referred to as the "**Generation Facilities**" up to a maximum installed capacity of 7.98336 MWdc (6 MWac) subject to the terms and conditions of this Licence, the EA, the Regulatory Authority Act 2011 ("**RAA**") and any Regulations, Administrative Determinations and Adjudicative Decisions, s made or issued in accordance with the EA and the RAA.

1 DEFINITIONS AND INTERPRETATION

1.1 In this Licence, unless the context otherwise requires:

"**Affiliate**" in relation to the Licensee, means any holding company of the Licensee, any subsidiary of the Licensee or any subsidiary of a holding company of the Licensee.

"**Ancillary Services**" means:

- (a) such ancillary services as the Licensee may be required to have available in association with any Generation Unit pursuant to a Power Purchase Agreement; and
- (b) such ancillary services as are identified by the TD&R Licensee as being necessary for the performance by it of its statutory or licence duties pursuant to the Grid Code or any other technical code.

"**Auditors**" means the Licensee's auditors holding office in accordance with the requirements of the Companies Act 1981.

"**RA**" means the Regulatory Authority of Bermuda.

"**Bulk Generation**" means the generation of electricity using a system with an installed capacity at or above the Licence Threshold.

"**Bulk Generation Business**" means the authorised business of the Licensee relating to the Bulk Generation of electricity in Bermuda pursuant to this Licence.

"**Central Dispatch**" means the process of scheduling and issuing direct instructions for the dispatch of available Generation Units by the TD&R Licensee for the Grid System and which shall comply with the requirements of Section 20(3)(c) of the EA.

"**Commencement Date**" means the date on which this Licence is issued by the RA.

"**Commercial Operation Date**" has the same meaning as defined in the Power Purchase Agreement.

"**Condition**" means a condition of this Licence including any Transitional Conditions set out in the Annex to this Licence.

"**Controls**" means:

- (a) the power, whether held direct or indirectly, to exercise decisive influence over the Licensee, including by directing its management and policies, whether through ownership of shares, stocks or other securities or voting rights, or through an agreement or arrangement of any type, or otherwise, and
- (b) shall, in any event, be deemed to exist in any case involving the ownership of 25 percent or more of the shares, stock, or other securities or voting rights, including through an agreement or arrangement of any type,

and "**Control**" and "**Controlled**" shall be construed accordingly.

"**Controlling Interest Holder**" means a company or individual that is in Control of the Licensee.

"**Dispatch Instructions**" means the operating instructions of the TD&R Licensee to the Licensee in respect of its Generation Units and which shall comply with the requirements of Section 20(3)(c) of the EA.

"**Disposal**" includes any sale, gift, lease, licence, mortgage, charge or the grant of any encumbrance or any other disposition to a third party and "**Dispose**" shall be construed accordingly.

"**Distribution System**" means the system of medium and low voltage electric lines and electrical plant and meters owned by the TD&R Licensee and used for conveying electricity without the use of the Transmission System.

"**Environmental Laws**" means those provisions of laws, in force from time to time, whose purpose is the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and, for the avoidance of doubt, shall include, all relevant law relating to the assessment of environmental impact and the protection of air, land and water and shall include the Clean Air Act 1991.

"**Financial Year**" means the 12 month period of the financial year of the Licensee. The first financial year shall be the period from the Commencement Date to the Licensee's financial year end and thereafter each financial year of the Licensee until the date on which this Licence is revoked or terminated in accordance with its terms.

"**Generation Facilities**" means the Generating Unit more particularly described in Schedule 1 to this Licence.

"**Generation Unit**" means any plant or apparatus for the generation of electricity including a facility comprising one or more generation units. For the avoidance of doubt, a Generation Unit shall not include any distributed generation systems.

"**Government**" means the Government of Bermuda.

"**Government Authorisation Fees**" means the fees established pursuant to Section 52 of the RAA and required to be paid by the Licensee under Sections 25 and 26 of the EA.

"Grid Code" means the code developed by the TD&R Licensee with the approval of the RA as more particularly described in the EA and pursuant to the terms of the TD&R Licence.

"Grid System" means (i) the Transmission System and (ii) the Distribution System of the TD&R Licensee.

"Information" means any documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the RA) of any description and in any format specified by the RA.

"Insolvency Event" means the occurrence of any of the following events, unless such event is capable of being set aside and proper proceedings to have such event set aside are filed with the appropriate court within thirty (30) days of such event:

- a) there is entered against the Licensee a decree or order by a court adjudging the Licensee bankrupt or insolvent or approving as properly filed by or on behalf of the Licensee a petition seeking reorganization, arrangement or reconstruction or appointing a receiver, liquidator, trustee, sequestrator (or other similar official) of the Licensee over a substantial part of its property or assets or ordering the winding up or liquidation of its affairs; or
- b) the institution by the Licensee of proceedings to be adjudicated bankrupt or insolvent; or
- c) the consent by the Licensee to the institution of bankruptcy or insolvency proceedings against it; or
- d) the filing by the Licensee of a petition or consent seeking relief from its creditors generally under any applicable Law; or
- e) the consent by the Licensee to the filing of any petition or for the appointment of a receiver, liquidator, trustee, sequestrator (or other similar official) of the Licensee or any substantial part of its property; or
- f) any other event shall have occurred with respect to the Licensee which under applicable Law would have an effect analogous to any of the events referred to in this definition.

"Law" means the laws of Bermuda.

"Licence" means this Bulk Generation Licence granted to the Licensee by the RA pursuant to the provisions of the EA and the Schedules and Annexures hereto.

"Licensee" means Saturn Solar Bermuda 1 Ltd., a Bermuda limited liability company incorporated under the Companies Act, 1981 with registered number 52946.

"Licence Threshold" has the meaning given to it in the EA.

"Merit Order" means an order for ranking available Generation Units as shall be prescribed in the Grid Code and which order shall have as its aim the promotion of Renewable Energy and the optimising of the economy, security, stability and reliability

of the Grid System of Bermuda and shall take fully into account cost considerations, and such order shall comply with the requirements of Section 20(3) of the EA.

"Minister" means the Minister responsible for energy in Bermuda.

"Modification" includes any addition, omission, amendment and substitution of this Licence.

"Notice" means (unless otherwise specified) notice given in accordance with Condition 30 of this Licence.

"Operator" means, in relation to the Generation Facilities, the person who operates and maintains the same.

"Output" means electricity generated at the Generation Facilities and delivered to the Grid System.

"Power Purchase Agreement" means an agreement between the TD&R Licensee and a Bulk Generation Licensee in accordance with Section 48 of the EA for the sale and purchase of the whole or any part of the available capacity of the generation facilities of such Bulk Generation Licensee and/or the sale and purchase of the whole or any part of the Output by the Licensee from such Licensee.

"Prudent Operating Practice" means the practice of a Reasonable and Prudent Operator.

"Quarter" means every three months starting October 1 for the first financial year and starting April 1 for each succeeding financial year.

"Reasonable and Prudent Operator" means a person who, in undertaking a task, exercises that degree of skill, diligence, prudence and foresight which could reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances.

"Registered Capacity" means the normal maximum generating capacity of a Generation Unit as registered with the TD&R Licensee and amended from time to time in accordance with the Grid Code.

"Regulatory Authority Fees" means the fees established to fund the operation of the RA under Section 44 of the RAA and payable by the Licensee under Condition 4.

"Relevant Asset" means, subject to any Administrative Determination made by the RA in respect of such definition or related methodology, any asset which is necessary to enable the Licensee to comply with its obligations under the EA, the RAA and this Licence and including those assets which form part of the Generation Facilities owned and operated by the Licensee, including any interest in land upon which any such asset is situated.

"Renewable Energy" means energy that comes from resources that are constantly replenished, and includes energy produced by solar, wind, biomass, landfill gas, municipal solid waste, ocean (including tidal, wave, current, and thermal), geothermal or hydro resources.

"Scheduling System" means a system to be prepared by the TD&R Licensee for, amongst other things, identifying the economic cost of electricity from Generation Units which are connected to the Grid System and which are available for the purposes of establishing a Merit Order and which shall comply with the requirements of Section 20(3)(c) of the EA.

"Sectoral Participants" has the meaning set out in the RAA.

"Sectoral Providers" has the meaning set out in the RAA.

"Separate Business" means any business of the Licensee other than its Bulk Generation Business in Bermuda.

"TD&R Licence" means the Transmission, Distribution and Retail Licence granted to the TD&R Licensee pursuant to the provisions of the EA.

"TD&R Licensee" means the entity that is granted the TD&R Licence by the RA pursuant to the EA.

"Transmission System" means the system of high voltage electric lines and electrical plant and meters owned by the TD&R Licensee and used for conveying electricity from a generating station to a sub-station, from one sub-station to another and from one generating station to another.

"year" means a period of 12 months commencing at the start of the Licensee's financial year.

1.2 For the purposes of interpreting this Licence:

- (a) unless a different definition is provided in this Licence, words or expressions shall have the meaning assigned to them in the EA, the RAA and Interpretation Act 1951;
- (b) where there is any conflict between the provisions of this Licence and the EA or RAA, the provisions of the EA or RAA as the case may be shall prevail. For the avoidance of doubt the provisions of the EA shall take precedence over the provisions of the RAA pursuant to Section 3(3) of the EA;
- (c) references to Conditions, Schedules, and Annexes are to Conditions, Schedules and Annexes of the Licence, as modified from time to time in accordance with the Licence and the EA;
- (d) headings and titles used in this Licence are for reference only and shall not affect its interpretation or construction;
- (e) references to any Law or statutory instrument include any modification, re-enactment or legislative provisions substituted for the same, and references to a Section is to a section of a Law;
- (f) expressions cognate with those used in this Licence shall be construed accordingly;

- (g) words importing the singular shall include the plural and vice versa, and words importing the whole shall be treated as including a reference to any part unless explicitly limited;
- (h) reference to a person includes an individual, firm, partnership, joint venture, company, corporation, body corporate, unincorporated body of persons or any state or any agency of a state or any other legal entity; and
- (i) unless the contrary intention appears, words importing the masculine gender include the feminine.

2 SCOPE OF THE LICENCE

2.1 This Licence grants the Licensee the right to engage in Bulk Generation of electricity from the Generation Facilities.

2.2 The Licensee shall not, and shall procure that any Affiliate shall not, on its own account (or that of any Affiliate, as the case may be) in Bermuda:

- (a) sell electricity to any person except to the TD&R Licensee under the terms of a Power Purchase;
- (b) engage in wheeling;
- (c) purchase or otherwise acquire electricity for the purpose of sale or other disposition to third parties;
- (d) transmit electricity or otherwise convey electricity by any other means, except to the extent necessary to deliver electricity into the Grid System; and
- (e) engage in the distribution or supply of electricity to any premises.

2.3 Nothing in this Licence shall relieve the Licensee of its obligations to comply with any other requirement imposed by Law or Prudent Operating Practice to obtain any additional consents, permissions, authorisations, licences or permits as may be necessary to exercise the Licensee's right to discharge its rights and obligations under this Licence.

2.4 Following any written request by the Licensee, the RA shall be entitled to issue instructions relieving the Licensee of its obligation to comply with any provisions of this Licence, to such extent as may be specified in the RA's instructions.

3 TERMS OF THE LICENCE

3.1 This Licence is valid and effective from the Commencement Date and shall remain in effect until the earlier of:

- (a) the date falling 20 years after the Commercial Operation Date of the Generation Facility or such period as shall otherwise be agreed with the RA; or
- (b) the date on which the Licence is surrendered in accordance with Condition 8 of this Licence; or

- (c) the date on which the Licence is revoked pursuant to Section 31 of the EA; or
- (d) the date on which the Licence is revoked due to an Insolvency Event affecting the Licensee.

3.2 Provided that the Licensee is not otherwise in material breach of this Licence, the Licensee may request an extension of this Licence by providing the RA with a written request by no later than 12 months prior to the end date of the Licence pursuant to Condition 3.1. Such extension request may be granted or denied by the RA acting in its sole discretion.

PART II - CONDITIONS

4 FEES, AND PENALTIES

- 4.1** The Licensee shall pay to the RA such Government Authorisation Fees as may be prescribed pursuant to Sections 25, 26 and 66(3) of the EA, Section 52 of the RAA, and the Government Fees Act 1965.
- 4.2** The Licensee shall pay to the RA such Regulatory Authority Fees as may be prescribed pursuant to Section 44 of the RAA.
- 4.3** The Licensee shall pay to the RA any penalties that may be imposed on the Licensee by the RA in accordance with Section 26(1)(c) of EA and Section 94 of the RAA.
- 4.4** The Licensee shall be liable in accordance with Section 57 of the EA for failure to pay the fees set out in Conditions 4.1 and 4.2 above of this Condition 4.
- 4.5** The Licensee shall be liable in accordance with Section 60 of the EA for failure to comply with this Licence.

5 COMPLIANCE

- 5.1** The Licensee shall comply with:
 - (a) the Conditions of this Licence, including any Schedules and Annexures to this Licence;
 - (b) the terms of any associated licences, authorisations and permits issued to the Licensee;
 - (c) any Regulations issued by the Minister in accordance with Section 54 of EA;
 - (d) any Ministerial directions issued by the Minister pursuant to the EA;
 - (e) any General Determinations made by the RA pursuant to the RAA and the EA;
 - (f) any Administrative Determinations made by the RA pursuant to the RAA and the EA;
 - (g) the EA;
 - (h) the RAA; and

- (i) any other applicable Law, enactment, determination, regulation or order in effect in Bermuda to which the Licensee is subject.

5.2 Where there is an irreconcilable conflict between any applicable Law, regulation, determination or order, the following order of precedence shall apply: Acts of Parliament, Regulations and Orders made by the Minister, international agreements that apply to Bermuda, General or other Administrative Determinations made by the RA, and this Licence.

6 MODIFICATION OF THE LICENCE

6.1 The Licence may be modified:

- (a) by the RA of its own motion pursuant to Section 29 of the EA and Section 51 of the RAA;
- (b) with the mutual consent of the Licensee and the RA pursuant to Section 29 of the EA and Section 51 of the RAA;
- (c) by the RA following an enforcement proceeding, pursuant to the provisions of Section 93 of the RAA; or
- (d) by the RA following any change of Control of the Licensee's Generation Business pursuant to the operation of Sections 30(3), 21 and 22 of the EA.

7 ENFORCEMENT, SUSPENSION AND REVOCATION

7.1 The RA may initiate enforcement proceedings pursuant to Section 53 of the EA and Section 93 of the RAA.

7.2 The RA may revoke this Licence:

- (a) in accordance with the provisions of Section 31 of the EA and Section 51 of the RAA; and/or
- (b) in the event of an Insolvency Event affecting the Licensee.

7.3 The RA shall be entitled to suspend this Licence in accordance with Sections 31 and 53 of the EA and Section 51 of the RAA. The RA may, in its sole discretion, lift an on-going suspension and re-instate the Licence.

7.4 In the event of any revocation of this Licence in accordance with Condition 7 of this Licence and/or any surrender of this Licence by the Licensee pursuant to Condition 8 of this Licence, the Licensee shall without delay provide all reasonable assistance and take all reasonable steps and co-operate fully with any new Bulk Generation Licensee to transfer its assets to such new Bulk Generation Licensee as notified to the Licensee by the RA so that that there is the minimum of disruption and so as to prevent or mitigate any inconvenience or risk to the health or safety of End-Users, Sectoral Providers, Sectoral Participants and all members of the public.

8 SURRENDER OF LICENCE

- 8.1** Unless the RA agrees otherwise, the Licensee shall not be entitled to surrender this Licence.
- 8.2** Unless the RA agrees otherwise, the Licensee shall not be entitled to cease fulfilling its duties during the term of its Licence.

9 COMPLIANCE WITH GRID CODE AND OTHER OPERATIONAL CODES

- 9.1** The Licensee shall comply with the applicable provisions of the Grid Code and other relevant operational codes.
- 9.2** The RA may (following consultation with any Sectoral Providers and/or Sectoral Participants) issue directions relieving the Licensee of its obligation under Condition 9.1 in respect of such parts of any applicable operational codes (except the Grid Code) to such extent as may be specified in those directions.

10 CENTRAL SCHEDULING AND DISPATCH

- 10.1** The Licensee shall comply with instructions for dispatch of available Generation Units forming part of the Generation Facilities in accordance with the Grid Code.
- 10.2** The Licensee shall at such times and in such manner as may be provided under the Grid Code and any other applicable operational code, provide the TD&R Licensee with all information reasonably required by it to enable it, in conformity with the conditions of its TD&R Licence:
- (a) to operate the system of Central Dispatch; and
 - (b) to operate the Scheduling System.

11 ANCILLARY SERVICES

- 11.1** The Licensee shall, from time to time and upon the request of the TD&R Licensee:
- (a) provide to the TD&R Licensee Information as to the Ancillary Services it has available and those which it could make available; and
 - (b) offer on reasonable terms, such terms to be subject to the approval of the RA, to provide Ancillary Services from any operating Generation Unit of the Licensee, to the TD&R Licensee.
- 11.2** The Licensee shall provide to the RA, upon the request of the RA, information on the provision of Ancillary Services, including details of the costs to the Licensee of providing such Ancillary Services.
- 11.3** The RA may settle any terms of agreement in dispute between the TD&R Licensee and the Licensee in such manner as appears to the RA to be reasonable in accordance with Section 58 of the RAA.

11.4 Insofar as the TD&R Licensee wishes to proceed with the provision of Ancillary Services by the Licensee on the basis of the terms as approved by the RA, the Licensee shall forthwith enter into and implement such agreements in accordance with its terms.

12 PROVISION OF INFORMATION TO THE RA

12.1 The Licensee shall, in accordance with Section 26(1)(f) of the EA, the provisions of Part 8 of the EA and any Administrative Determination by the RA, furnish to the RA in such manner and at such reasonable times as the RA may reasonably require, such Information relating to the electricity sector including any Information reasonably required by the RA in order for it to comply with its obligations under Section 52 of the EA.

12.2 Subject to the provisions of Part 8 of the RAA and any applicable Administrative Determination by the RA, the Licensee shall permit the RA or persons designated by the RA to examine, investigate or audit, or procure such assistance as the RA may reasonably require to conduct an examination, investigation or audit of, any aspect of the Bulk Generation Business.

12.3 Subject to the provisions of Section 92 of the RAA and any applicable Administrative Determination by the RA, the Licensee shall permit the RA or persons designated by the RA to enter the Licensee's premises, and shall facilitate reasonable access by them to the premises used by the Licensee, to conduct an inspection, examination, investigation or audit of the Licensee.

12.4 The Licensee shall notify the RA as soon as possible upon becoming aware that it is in a position in which it may potentially breach any Condition set out in this Licence.

12.5 The Licensee shall place a complete copy of this Licence on the Licensee's website or, if no such website exists, in a conspicuous place in the Licensee's principal place of business such that it is readily available for inspection free of charge by members of the general public during normal office hours.

13 PROVISION OF INFORMATION TO TD&R LICENSEE

13.1 The Licensee shall furnish to the TD&R Licensee, in such manner and at such times as the RA may direct, such information as the RA may consider necessary to enable the TD&R Licensee to perform the functions assigned to it by law or its TD&R Licence.

14 SERVICE STANDARDS AND PERFORMANCE STANDARDS

14.1 The Licensee shall comply with any applicable service standards including those standards relating to power reliability and power quality applicable to it and other standards set out in any General Determination made pursuant to Section 34 of EA.

14.2 In event that the RA implements service standards, the Licensee shall report to the RA in accordance with provisions of any Administrative Determination regarding the same and provide:

- (a) details on an annual basis as to which service standards and performance standards it has complied with and which standards it has failed to meet, and

- (b) where service and performance standards have not been met, details regarding any interventions made to rectify such service and performance deficiencies during the last financial year.

14.3 In addition, within 60 days of the end of each financial year, the Licensee shall submit to the RA a report setting out those matters referred to in Condition 14.2 above in respect of the previous financial year. The Licensee shall, if required by the RA, publish a summary of the report in a manner approved by the RA.

14.4 The Licensee shall operate and maintain the Generation Facilities in a safe, efficient and economic manner.

14.5 If the Licensee fails to meet its required service standards as set out in this Licence, the Grid Code, codes of practice or Administrative Determinations, the Licensee shall forthwith discuss with the RA the reasons for any non-compliance and the steps that the Licensee intends to take in order to remedy such non-compliance.

14.6 The RA shall give the Licensee reasonable time to implement the remedial measures notified by the Licensee to the RA pursuant to Condition 14.5 of this Condition 14.

14.7 If, after the Licensee has been given a reasonable opportunity by the RA to implement the steps it has outlined to the RA under Conditions 14.5 and 14.6, the Licensee still fails to meet its required service standards, the RA shall be entitled to:

- (a) impose a financial penalty as determined by the RA on the Licensee in respect of its failure to comply with its required service standards; and/or
- (b) require that the Licensee pay compensation as determined by the RA in respect of its failure to comply with its required service standards pursuant to the terms of this Licence.

14.8 The Licensee shall be liable in accordance with the provisions of Section 58 of the EA if it fails to comply with those safety standards set out in Section 58 of the EA.

15 APPOINTMENT OF OPERATOR

15.1 In the event that the Operator is someone other than the Licensee, the prior written approval of the RA for the appointment of such person as Operator shall be obtained.

15.2 Subject to Condition 15.1, the RA may give its approval of a person pursuant to Condition 15.1 if that person is competent to operate the Generation Facilities to the standard of a Reasonable and Prudent Operator, and where an approved person is no longer competent to exercise that function, the RA may, by notice in writing given to the Licensee, revoke an approval of that person under this Condition.

15.3 The RA shall be entitled to refuse to give its approval of a person pursuant to Condition 15.1 if that person is the Operator of any other generation facilities within Bermuda.

16 CHANGE IN CONTROL OF LICENSEE

16.1 The Licensee shall not complete any proposed change in Control of the Licensee without first obtaining the prior written authorisation of the RA in accordance with Section 30 of the EA and Section 87 of the RAA.

16.2 The Licensee shall be liable in accordance with Section 56 of the EA if it contravenes this Condition.

17 ASSIGNMENT

17.1 This Licence shall not be transferred or assigned without the prior consent of the RA and Section 30 of the EA shall apply accordingly.

17.2 The Licensee shall not sub-license, assign or grant any right, interest or entitlement in the Licence nor transfer the Licence to any other Person, including an Affiliate of the Licensee without the prior written authorization of the RA.

17.3 The Licensee shall be liable in accordance with Section 56 of the EA if it contravenes this Condition.

18 ENVIRONMENTAL MATTERS

18.1 The Licensee shall comply with all applicable Environmental Laws.

19 DISPOSAL OF RELEVANT ASSETS

19.1 Subject to Condition 19.3, the Licensee shall obtain the prior written consent of the RA in order to Dispose of any Relevant Asset and/or to create security over any Relevant Asset and/or to relinquish control over any Relevant Asset, such consent not to be unreasonably withheld.

19.2 Subject to the provisions of any applicable Administrative Determination, the Licensee shall give to the RA not less than 2 months prior written notice of its intention to create any security or effect a Disposal of or relinquish control over any Relevant Asset, together with such reasonable further information as the RA may request relating to such asset or the circumstances of such intended Disposal or relinquishment of control or to the intentions.

19.3 Notwithstanding Conditions 19.1 and 19.2, the Licensee may effect a Disposal of or relinquish operational control over any Relevant Asset where:

- (a) the RA has issued instructions for the purposes of this Condition containing a general consent (whether or not subject to conditions) to:
 - (i) transactions of a specified description; and/or
 - (ii) the Disposal of or relinquishment of operational control over Relevant Asset(s) of a specified description; and
- (b) the Disposal or relinquishment of operational control in question is effected pursuant to a transaction of a description specified in the instructions or the Relevant Asset in question is of a description so specified and the Disposal or relinquishment of operational control is in accordance with any conditions to which the consent is subject.

19.4 Notwithstanding Condition 19.1, the Licensee may Dispose of or relinquish operational control over any Relevant Asset specified in any notice given under Condition 19.2 in circumstances where:

- (a) the RA confirms in writing that it consents to such Disposal or relinquishment (which consent may be made subject to the acceptance by the Licensee or any third party in favour of whom the Relevant Asset is proposed to be Disposed or operational control is proposed to be relinquished of such conditions as the RA may specify); or
- (b) the RA does not inform the Licensee in writing of any objection to such Disposal or relinquishment of control within the notice period referred to in Condition 19.2 (subject to the provisions of any General Determination).

20 REPLACEMENT OF GENERATION FACILITIES

- 20.1** The Licensee shall not replace any Generation Facilities without the prior consent of the RA.
- 20.2** Any such replacement must be consistent with the governing Integrated Resource Plan, pursuant to Part 8 of the EA.
- 20.3** If the Licensee requires to replace its Generation Facilities, it must first provide to the RA a detailed reporting setting out the proposal (the "**Proposal**").
- 20.4** The RA shall assess the Licensee's Proposal and make a determination on whether the net benefits resulting from the replacement of the Generating Facilities are commensurate with the net benefits of other available options in the market.
- 20.5** The Licensee's Proposal shall be granted or denied by the RA acting in its sole discretion.

21 PROHIBITION ON CROSS SUBSIDIES AND DISCRIMINATION

- 21.1** The Licensee shall procure that no Separate Businesses of the Licensee shall:
 - (a) give any direct or indirect cross-subsidy to the Licensee; and
 - (b) receive any direct or indirect cross-subsidy from the Licensee.
- 21.2** The Licensee shall procure that no Separate Business of the Licensee shall discriminate in favour of the Licensee.

22 ACCOUNTING REQUIREMENTS

- 22.1** The first financial year of the Licensee shall run from the Commencement Date to the Licensee's Financial Year end and thereafter each financial year of the Licensee.
- 22.2** The Licensee shall submit audited financial statements to the RA no later than 4 months from the Financial Year end.
- 22.3** If the Licensee has Separate Businesses from its Bulk Generation Business, the remaining conditions of this Condition 22 Accounting Requirements shall apply to ensure that the Licensee maintains accounting and reporting arrangements which

enable separate accounts to be prepared for each Separate Business and which show the financial affairs of each such Separate Business.

22.4 The Licensee shall:

- (a) keep such accounting records in respect of its Bulk Generation Business as are required to be kept in respect of such business by any Laws;
- (b) keep such accounting records as are instructed to be kept in respect of any instructions issued by the RA; and
- (c) keep such accounting records for its Bulk Generation Business separately identifiable from those of its Separate Businesses and the accounting records of the Controlling Interest Holder.

22.5 Annually, the Licensee shall, in respect of its Bulk Generation Business, prepare accounting statements comprising a profit and loss and other comprehensive income statement, a statement of financial position, a statement of changes in equity and a cash flow statement, together with notes thereto, and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:

- (a) received by the Bulk Generation Business from any of other business (whether or not a Separate Business and including from the Controlling Interest Holder) together with a description of the basis of such revenue, cost or liability received; or
- (b) charged from the Bulk Generation Business or to any other business (whether or not a Separate Business and including the Controlling Interest Holder) together with a description of the basis of that charge; or
- (c) determined by apportionment or allocation between the Bulk Generation Business and any other business of the Licensee (whether or not a Separate Business and including the Controlling Interest Holder) together with a description of the basis of the apportionment or allocation.

22.6 The Licensee shall procure, in relation to the accounting statements prepared in accordance with this Condition in respect of a financial year, a report by the Auditors addressed to the RA stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Separate Business to which the statements relate.

22.7 The Licensee shall deliver to the RA a copy of the Auditor's report referred to in Condition 22.6 and the accounting statement referred to in Condition 22.5 as soon as reasonably practicable.

22.8 The Licensee shall not in relation to the accounting statements in respect of a financial year change the bases of charge, apportionment or allocation referred to in Condition 22.5 from those applied in respect of the previous financial year, unless the RA shall previously have issued directions for the proposes of this Condition directing the Licensee to change such bases in a manner set out in the directions or the RA gives it prior written approval to the change in such bases. The Licensee shall comply with any directions issued for the purposes of this Condition.

- 22.9** If the Licensee changes the bases of charge, apportionment or allocation from those adopted for the immediately preceding financial year, it shall show a reconciliation of the revised and prior-year methodologies.
- 22.10** Accounting statements in respect of a financial year prepared under Condition 22.5 shall, so far as reasonably practicable and unless otherwise approved by the RA having regard to the purposes of this Condition:
- (a) have the same content and format (in relation to each Separate Business) as the annual accounts of the Licensee (and any affiliate or related undertaking of the Licensee) prepared under the Law and conform to the best commercial accounting practices and to the accounting standards or such other standards as may be notified to the Licensee by the RA from time to time; and
 - (b) be published with the Licensee's consolidated financial statements.
- 22.11** References in this Condition to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation, capital liabilities which do not relate principally to a particular Separate Business and interest thereon; and references to any accounting statement shall be construed accordingly.
- 22.12** Without prejudice to any other provision of this Condition and subject to the RA giving reasonable notice to the Licensee, the Licensee shall, on request of the RA, give to the RA within a reasonable time of such request by the RA access to the Licensee's accounting records, policies and statements referred to in this Condition.

23 OPERATIONAL REPORTING REQUIREMENTS

- 23.1** On or before the final business day of January, April, July, and October of each calendar year, the Licensee shall submit to the RA a quarterly report containing monthly operating statistics for the prior Quarter required by the RA.
- 23.2** These quarterly reports shall include, at a minimum:
- (a) energy produced (in MWh) by each Generation Unit within the licensed Generating Facilities;
 - (b) energy supplied (in MWh) to the network of the TD&R Licensee;
 - (c) peak demand (in MW) imposed by the Transmission System and Distribution System on the Licensee;
 - (d) the maximum available generating capacity (in MWac) of the Licensee's Generating Facilities at the time of peak demand on the Transmission System and Distribution System; and
 - (e) safety and environmental incident reports.

24 NO ABUSE OF DOMINANT POSITION

- 24.1** The Licensee shall occupy a dominant position in the electricity sector if Section 51(2) of the EA becomes applicable at any time.

24.2 If the Licensee abuses its dominant position the RA shall be entitled to take those actions set out in Section 85(7) of the RAA and Section 26(1) of the EA.

25 FORCE MAJEURE; OTHER EVENTS

25.1 If the Licensee is prevented from complying with this Licence by acts of God, war, warlike operations, pandemic or endemic communicable diseases, civil commotion, major strikes or any other significant or protracted industrial action, fire, tempest or any other causes beyond the Licensee's reasonable control:

- (a) the Licensee shall notify the RA, as promptly as reasonably practicable, of the obligations of the Licence with which the Licensee cannot comply, the expected duration of the event of force majeure, and the measures the Licensee is taking to overcome the consequences of the event of force majeure; and
- (b) the RA may suspend such obligations of the Licence as the RA concludes the Licensee cannot comply with for as long as the event of force majeure continues.

25.2 In addition to events of force majeure, the Licensee shall notify the RA of any fact or event likely to affect materially the Licensee's ability to comply with any Condition of this Licence, or an insolvency-related fact or Insolvency Event in respect of the Licensee or any Affiliate, or any preparatory steps being taken that might lead to an Insolvency Event, immediately upon becoming aware of such fact or event.

26 INDEMNIFICATION

26.1 The Licensee shall indemnify the RA against all actions, claims and demands which may be brought or made by any person in respect of any injury or death of any Person or damage to any property arising from any act of the Licensee permitted or authorized by the Licence. The RA shall provide the Licensee with notice of any such actions, claims and demands, but the RA's failure to do so shall not relieve the Licensee of any obligations imposed on the Licensee by this Condition.

27 INSURANCE

27.1 Subject to Conditions 27.2 and 27.3 below, the Licensee shall obtain and maintain insurance coverage for:

- (a) physical damage to the generating facilities and ancillary equipment and structures; and
- (b) business interruption.

27.2 The Licensee is released from the obligation to maintain insurance under Condition 27.1 if provision for the liability is made through any of the following alternatives, subject to the approval of the RA:

- (a) self-insurance which refers to the Licensee's financial capacity to meet any liability to a third party in respect of which the Licensee does not otherwise have insurance; or

27.3 The Licensee shall not be required to obtain and maintain insurance if it is not on economic terms. The Licensee shall as soon as reasonably possible inform the RA if it is of the opinion that such insurance is not available on reasonable economic terms. The RA will consider the Licensee's opinion and if it agrees that the Licensee's opinion is reasonable, confirm to the Licensee that the insurance may be foregone until such time as it may again become available on reasonable economic terms.

28 OUTSOURCING

28.1 The Licensee may utilise the services of third parties on an ongoing basis in the provision of its Bulk Generation Business services. The procurement of such outsourced services shall be subject to RA approval if they represent core and ongoing Bulk Generation Business functions, but not including temporary specialty support.

29 SITE DECOMMISSIONING

29.1 As part of the application process in respect of this Licence, the Licensee shall submit to the RA an independent site decommissioning plan which details how the Licensee, upon termination of any Power Purchase Agreement with the TD&R Licensee, plans to restore the project location to a clean and safe condition, suitable for future use of the land on which it is located. This includes, amongst other things, retiring the Generating Facilities, restoring the site to a safe and useful condition within eleven months of retiring the Generating Facilities and managing the excess materials and waste in an environmentally responsible manner and in compliance with industry and/or local regulations (whichever is more stringent). At least eighteen months prior to the anticipated retirement date (the "**Review Date**"), both the Licensee and RA will revisit the plan to ensure all elements comply with industry and/or local regulations.

29.2 At the Review Date, and in accordance with the terms of any applicable Power Purchase Agreement with the TD&R Licensee, the RA may require the Licensee to provide a financial surety to the TD&R Licensee to cover the site decommissioning should the Licensee fail to properly perform this function. Such duty will then revert to the TD&R Licensee.

29.3 The provisions of this Condition 29 shall survive the term of this Licence.

30 NOTICES

30.1 Unless the RA determines otherwise, notices to the Licensee under the Licence shall be in writing and sent by electronic mails to the Chief Executive Officer of the Licensee at the address communicated to the RA from time to time.

30.2 Unless the RA determines otherwise, notices from the Licensee to the RA under the Licence shall be in writing and sent by electronic mail to the Chief Executive of the RA to electricity@ra.bm.

31 AVAILABILITY OF RESOURCES

31.1 The Licensee shall at all times act in a manner calculated to secure that it has sufficient management resources, financial resources and financial facilities to enable it to:

- (a) carry on its Bulk Generation Business; and

- (b) comply with its obligations under this Licence and the EA.
- 31.2** The Licensee shall submit a certificate addressed to the RA, approved by a resolution of the Board of Directors of the Licensee and signed by a director of the Licensee pursuant to that resolution. Such certificate shall be submitted on 30 April of each year and shall be in one of the following forms:
- (a) “After making enquiries, the directors of the Licensee have a reasonable expectation that the Licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient financial resources and financial facilities to enable the Licensee to carry on the Bulk Generation Business for a period of 12 months from the date of this certificate.”; or
- (b) “After making enquiries, the directors of the Licensee have a reasonable expectation subject to the terms of this certificate that the Licensee will have available to it after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient financial resources and financial facilities to enable the Licensee to carry on the Bulk Generation Business for a period of 12 months from the date of this certificate. However, the directors would like to draw attention to the following factors which may cast doubt on the ability of the Licensee to carry on the Bulk Generation Business:”; or
- (c) “In the opinion of the directors of the Licensee, the Licensee will not have available to it sufficient financial resources and/or financial facilities to enable the Licensee to carry on the Bulk Generation Business for a period of 12 months from the date of this certificate.”
- 31.3** The Licensee shall submit to the RA together with the certificate referred to in Condition 30.2 of this Condition a statement of the main factors which the directors of the Licensee have taken into account in giving that certificate.
- 31.4** The Licensee shall inform the RA in writing immediately if the directors of the Licensee become aware of any circumstances which cause them to no longer have the reasonable expectation expressed in the most recent certificate given under Condition 30.2.
- 31.5** The Licensee shall use its best endeavours to obtain and submit to the RA with each certificate provided for in Condition 30.2 a report prepared by its Auditors and addressed to the RA stating whether or not the Auditors are aware of any inconsistencies between on the one hand that certificate and the statement submitted with it and on the other hand, any information which they obtained during their audit work.
- 31.6** The Licensee shall procure from the Controlling Interest Holder a legally enforceable undertaking in favour of the Licensee (in a form specified by the RA) that the Controlling Interest Holder will refrain from any action, and will procure that every subsidiary of the Controlling Interest Holder (other than the Licensee) will refrain from any action, which would then be likely to cause the Licensee to breach any of its obligations under this Licence or the EA.

31.7 The Licensee shall:

- (a) deliver to the RA evidence (including a copy of such undertaking) that the Licensee has complied with the obligation to procure an undertaking pursuant to Condition 30.6; and
- (b) Inform the RA immediately in writing if the directors of the Licensee become aware that the undertaking has ceased to be legally enforceable or that its terms have been breached.

SCHEDULE 1
Generation Facilities

Generation Facility	Technology	Maximum Generating Capacity
L.F. Wade Airport Finger	Solar Photovoltaic	7.98336 MWdc (6 MWac)

ANNEX: TRANSITIONAL CONDITIONS

The Licensee shall comply with each of the Transitional Conditions set out below until the RA provides notice that the Transitional Conditions are no longer necessary, but not before the Commercial Operation date of the Generation Facility.:

A1 REPORTING REQUIREMENTS

- A1.1 Monthly reporting (unaudited) of the financial position (i.e. balance sheet and income statements) of the Licensee and its specified Affiliates (including Saturn Power International Inc. and Nithside Investments Inc.), including, but not limited to, any updates or revisions occurring after the date of this Licence to any financing agreements relating to the Generation Facilities, including any financing, security or debt conversion agreements documentation, and to any other related financing arrangements.
- A1.2 Monthly reporting of any material updates or revisions to any project documents relating to the Generation Facilities occurring after the date of this Licence, including to the construction contract(s) and to any other related commercial agreements.
- A1.3 Monthly operating reports from the Licensee to include the status of the construction and commissioning of the Generation Facilities, and the anticipated date of commercial operation.