EXHIBIT R-1

BRIDGEWATER PAPER
COMPANY LIMITED

AND

NATIONAL POWER PLC

CM.
MAS

CONTENTS:

1.	Definitions and Interpretation
2.	Conditions Precedent and Subsequent
3.	Contract Duration
4.	Capital Items
5.	Terminal Points
6.	Supplies
7.	Responsibilities of NP
8.	Responsibilities of BPCL
9.	Charges
10.	Terms of Payment
11.	Construction Costs
12.	Insurance
13.	Reporting
14.	Metering
15.	Statutory Requirements
16.	Commissioning
17.	Termination
18.	Force Majeure
19.	Confidentiality
20.	Disputes Resolution
21.	Law
22.	Notices
23.	Liability
24.	Miscellaneous Provisions

Schedule I (a)	Major Capital Items
Schedule I (b)	Items to be removed
Schedule II	Terminal Points
Schedule III	Electricity
Schedule IV	Metering and Supply Points
Schedule V	Quality & Condition of Supplies
Schedule VI	Enabling Works

CR7
MAB

Schedule VII	Addresses
Schedule VIII	Lease
Schedule IX	Gas Procurement Arrangements
Schedule X	System Modification
Schedule XI	Transfer of Undertakings
Schedule XII	Known Underground Obstructions
Schedule XIII	Parent Company Guarantee
Schedule XIV	Interperimeter Services

Alan Robinson
Head of Cogen & Renewables

National Power
Cogen

26 August 1998

National Power PLC
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB
Telephone (+44) (0)1793 892370
Fax (+44) (0)1793 892311

Mr Robin Clark
Finance Director
Bridgewater Paper Company Ltd
North Road
Ellesmere Port
South Wirral
L65 1AF

Dear Robin.

AMENDMENTS TO ENERGY SUPPLY CONTRACT

This is to confirm our agreement that in order to more correctly reflect the intentions of the parties at the conclusion of contract negotiations the Energy Supply Contract entered into by National Power PLC and Bridgewater Paper Company Limited and dated 3 August 1998 (the "ESC") shall be varied as follows:

> in sub-clause 10.7 the words "the date hereof" shall be deleted from each of the third to the eighth lines inclusive and shall in each case be replaced by "31 July 1998".

Save for the above variations no other provisions of the ESC shall hereby be varied or amended and the ESC, as varied hereby, shall continue in full force and effect.

Please confirm your agreement to the above variations by signing and returning the attached copy of this letter.

Yours sincerely

Alan Robinson
Head of Cogen and Renewables

Acknowledged and agreed on behalf of
Bridgewater Paper Company Limited

By: ....

Date: ....27 August 1998

WAN1131

AKR080.98

BPCL - SAFE

National Power

Cogen
Centre Court
1301 Stratford Road
Hall Green
Birmingham B28 9HH

Telephone 0121-702 1133
Fax 0121-702 1031

Mr R Clark
Bridgewater Paper Company Limited
North Road
Ellesmere Port
South Wirral
L65 1AF

Ref:F07/L42/CPT
21st December 1998

Dear Robin,

CONDITIONS TO ENERGY SUPPLY CONTRACT

Further to discussions between Martin Bookbinder and Chris Townsend regarding progress in negotiations between National Power PLC ("NP") and North West Water Ltd for the supply of potable water, this is to confirm that NP and Bridgewater Paper Company Limited ("BPCL") agree to amend the Energy Supply Contract made between NP and BPCL and dated 3rd August 1998 by replacing the date "31st December 1998" in sub-clause 2.4 (c) with the date "1st May 1999".

Please confirm your agreement to this amendment by signing and returning the acknowledgement copy of this letter to me.

Yours sincerely,

Alan Robinson
Head of Cogen

Acknowledged and agreed by

For and on behalf of Bridgewater Paper Company Limited

22 December 1998
Date

L
L2
4/8/00

TWO POUNDS

THIS CONTRACT IS MADE THE 3rd DAY OF AUGUST 1998 BETWEEN

1. National Power PLC ("*NP*"), registered number 2366963, whose registered office is situated at Windmill Hill Business Park, Whitehill Way, Swindon, SN5 6PB; and

2. Bridgewater Paper Company Limited, ("*BPCL*"), registered number 1726334, whose registered office is situated at North Road, Ellesmere Port, South Wirral, Merseyside L65 1AF.

RECITALS

IT IS PROPOSED that: *NP* will build, own and operate a *CHP Scheme* based on a combined heat and power plant on a *CHP Site* at the *Premises* for the purposes of supplying electricity and steam to *BPCL* at the *Premises*.

CM
MAP

IT IS AGREED as follows:

NP shall supply and *BPCL* shall purchase electricity and steam on the terms hereafter set out.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions: In this *Contract*, unless the context otherwise requires, the following words and expressions shall have the meanings set out opposite them:

Act	The Electricity Act 1989;
Affiliate	In respect of a *Party*, a company or corporation which is a subsidiary of that *Party* or of which that *Party* is a subsidiary or which is a subsidiary of a company or corporation of which that *Party* is also a subsidiary. For the purposes of this definition, a company or corporation is the "subsidiary" of another company or corporation if the latter owns, directly or indirectly, more than fifty percent (50%) of all issued shares in the former carrying voting rights;
Applicable Laws	All relevant statutes, regulations, statutory instruments, bylaws, orders and other laws of any *Competent Authority* and all licences, approvals, permissions, planning consents and the *EA* authorisation;
ARCA Day	Any day which is both a day in which BG plc (TransCo) interrupts the supply or delivery of natural gas and a day when natural gas would have been used by *NP*, its contractors or sub-contractors or agents for the commissioning, reliability running or performance testing of the *CHP Scheme*;

cl7
NP

Business Day	Any day (other than a Saturday) when banks are open for transactions of domestic business in the City of London;
CHP Phase	The period commencing on the *CHP Phase Commencement Date* until expiration or earlier termination of this *Contract* including any extension or replacement pursuant to sub-clause 3.4;
CHP Phase Commencement Date	The date immediately following the date on which the *CHP Scheme* completes to the reasonable satisfaction of *NP* its reliability run and performance tests;
CHP Scheme	The plant, equipment and buildings whose major capital items are as set out in Schedule I(a) and to be installed or erected within the *Terminal Points* outlined in Schedule II by *NP* to supply electricity and steam to *BPCL* at the *Premises*;
CHP Site	The location of the *CHP Scheme* as set out in the *Lease*;
Competent Authority	The Secretary of State, the *Director* and any local or national or European agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Union;
Confidential Information	All data and other information supplied to a *Party* by the other *Party* under the provisions of this *Contract*, any contents of this *Contract* or any commercially confidential information relating to the negotiations concerning the same or any commercially confidential information which may come to a *Party's* knowledge in the course of such negotiations or otherwise relating to this *Contract* concerning the operations, contracts, commercial or financial arrangements of the other *Party;*

dn
MAB

Connection Agreement	The connection agreement between *BPCL* and the *REC* pursuant to which the *Premises* is connected to the *REC System* at the *Exit Point* and which will permit the operation of the *CHP Scheme* in accordance with the terms of this *Contract*;
Contract	This contract between *NP* and *BPCL* for the supply of electricity and steam at the *Premises*;
Contractor	*NP*'s nominated contractor for the design, construction and commissioning of the *CHP Scheme*;
De-Energisation	The movement of any switch or removal of any fuse or the taking of any step whereby no electrical current can flow;
Default Transfer Charge	The charge in pounds sterling payable by *BPCL* or *BPCL's Affiliate* to *NP* on transfer of ownership of the *CHP Scheme* as determined in accordance with sub-clause 9.12;
Demand	The electrical demand taken at the *Premises*, calculated in accordance with Condition 2 of the *Supplier's Licence*;
Director	The Director General of Electricity Supply appointed for the time being pursuant to the *Act*;
Distribution Code	The Distribution Code referred to in the Licence granted to the *REC* under Section 6 (I) (c) of the *Act*;
EA	Environment Agency;
Electricity Charge	The charge for electrical energy expressed in pence per kWh calculated in accordance with sub-clause 9.1;

-cM

mp

Electricity Supply	The supply of electricity by *NP* to *BPCL* in accordance with *BPCL's* requirements;
Enabling Works	The responsibilities of *BPCL* as set out and in accordance with Schedule VI;
Energisation	The movement of any switch or the insertion of any fuse or the taking of any step whereby electrical current can flow;
Energy Trends	A statistical bulletin from the Department of Trade & Industry published by the Government Statistical Service and entitled Energy Trends;
Environmentally Related Capital Investment	A capital investment required for modifications to the *CHP Scheme* necessary to comply with any changes to *Applicable Laws* which affect the gaseous emissions from the gas turbine generator;
Exit Point	The point of connection at which the *Electricity Supply* may flow between the *REC System* and the *Premises* as set out in the *Connection Agreement;*
Force Majeure	Any event or circumstance which is beyond the reasonable control of either *Party* acting in accordance with *Good Industry Practice* and which results in or causes the failure of that *Party* to perform any of its obligations under this *Contract* including act of God, strike, lockout or other industrial disturbance, (except any such strike, lockout, or other industrial disturbance of that *Party*'s own employees), act of public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of

ΩΠ
MAO

water arising from weather or environmental problems, explosion, fault or failure of plant, apparatus or equipment which could not have been prevented by *Good Industry Practice*, governmental restraint, Act of Parliament, other legislation, bylaw or Directive (not being any order, regulation or direction under Section 32, 33, 34 or 35 of the *Act)*, any outage or failure of, or suspension or reduction of transmission through or constraints affecting, a *System*, or the inability of *NP* to purchase sufficient quantities of electricity under the terms of the *Pooling and Settlement Agreement* to meet *BPCL's* demand to the extent that such inability could not have been prevented by the exercise of *Good Industry Practice* by *NP* provided that any event causing a Pool Civil Emergency to be declared or initiated under the terms of the *Pooling and Settlement Agreement* shall be deemed to constitute an event of *Force Majeure* but, subject to this, lack of funds shall not be interpreted as a cause beyond that *Party's* reasonable control;

Fossil Fuel Levy	The levy made pursuant to the Fossil Fuel Regulations 1990;
Fuel Security Code	The meaning ascribed to it in the *Pooling and Settlement Agreement*;
Generation Rates	The electricity generation rates payable under Statutory Instrument 1994 No. 3282, Rating and Valuation, The Electricity Supply Industry (Rateable Values) Order 1994;
Good Industry Practice	The exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;

CM
MO

Grid Code	The Grid Code drawn up pursuant to, and from time to time revised in accordance with, the transmission licence granted to *NGC* under Section 6 of the *Act;*
Half Hour	Any period of 30 minutes commencing on the hour or half hour;
Health and Safety Capital Investment	A capital investment required for modifications to the *CHP Scheme* necessary to comply with any changes to *Applicable Laws* in relation to health and safety;
kVA	Kilovoltampere;
kW	Kilowatt;
kWh	Kilowatt hour;
Lease	The lease in agreed form of land on which *NP* may construct, operate, maintain and modify the *CHP Scheme* in accordance with Schedule VIII;
Licences	The Licences in a form reasonably acceptable to *NP* under which *NP* may construct the natural gas pipeline supplying natural gas from the BG plc (TransCo) National Transmission System at Shotwick to the *CHP Scheme* prior to grant of the *Underleases* with necessary rights of access for *NP*, its contractors, sub-contractors and agents from the commencement of construction to the grant of the *Underleases;*

cM
MNY

Master Connection and Use of System Agreement	The agreement of that name dated 30 March 1990 and made between *NGC* and others governing connection to and use of the system consisting (wholly or mainly) of electrical transmission lines owned or operated by *NGC*, as such agreement is amended from time to time;
Maximum Capacity	In respect of the *Exit Point*, the electrical import capacity expressed in kW or kVA specified in the *Connection Agreement* which in no circumstances shall be greater than the lesser of 60,000kW or 65,000kVA;
Metering Equipment	Meters, instrument transformers (both voltage and current), metering protection equipment including alarms, circuitry and their associated data collection outstations and wiring which are part of the energy measuring equipment at or relating to the *Electricity Supply* as the same may be modified or replaced from time to time but excluding any installed other than for the purposes of the *Pooling and Settlement Agreement*;
Meter Operator	In relation to any *Metering Equipment*, the person who acts as Operator thereof for the purposes of the *Pooling and Settlement Agreement;*
NGC	The National Grid Company plc;
No Fault Transfer Charge	The charge in pounds sterling payable by *BPCL* or *BPCL's Affiliate* to *NP* on transfer of ownership of the *CHP Scheme* as determined in accordance with sub-clause 9.13;
Party	Any person for the time being and from time to time party to this *Contract* and any successor in title to, or permitted assignee of, such person;

cm
mp

Pooling and Settlement Agreement	The agreement of that title for the time being approved (or to be approved) by the Secretary of State or by the *Director* as from time to time amended;
Pool Purchase Price	The meaning ascribed to it in the *Pooling and Settlement Agreement*;
Pool Selling Price	The meaning ascribed to it in the *Pooling and Settlement Agreement;*
Pre-CHP Phase	The period commencing on the date hereof and ending at the commencement of the *CHP Phase;*
Premises	*BPCL's* premises at North Road, Ellesmere Port, South Wirral, Merseyside L65 1AF;
Price of Gas	The sum of the costs (excluding any imbalance charges incurred as a result of incorrect nominations of natural gas quantities) to *NP* in pence per therm of the supply and the delivery of natural gas to the *CHP Scheme*. Where such price of natural gas includes a charge which is not in units of pence per therm such charge will be converted into units of pence per therm by dividing such charge (expressed in pence) by the total quantity of natural gas measured at metering point M_8 (expressed in therms) supplied or delivered during the period in which such a charge is applied and then adding it to the sum of any charges which are expressed in pence per therm. Should such correction factor be required for expression of the price of natural gas in pence per therm, 29.3071 kWh equals 1 therm;

cM
MD

Producer Price Index	The figure published in the Central Statistical Office, Monthly Digest of Statistics, Table of Statistics, Table 18.7, Output of Manufactured Products, Column PLLU;
Quarterly Review Date	1st January, 1st April, 1st July and 1st October of each year throughout the duration of this *Contract*;
REC	The Regional Electricity Company with whom *BPCL* has a *Connection Agreement*, namely MANWEB plc;
Regulations	The Electricity Supply Regulations 1988 or any amendment or re-enactment thereof;
Scheduled Date	730 days from the date hereof plus any days of delay in constructing the natural gas assets set out in Schedule I (a), paragraph (h) other than delay caused by *NP*'s failure to comply with *Good Industry Practice*;
Standing Charge	The monthly charge expressed in pounds sterling calculated in accordance with sub-clause 9.8;
Steam Charge	The charge for steam expressed in pounds sterling per *Tonne of Steam* calculated in accordance with sub-clause 9.5;
Steam Quality Failure Period	A period commencing after 5 consecutive minutes during which *NP* has failed to supply steam at the quality and condition specified in accordance with Schedule V and ending when *NP* supplies steam at such quality and condition or when *BPCL* ceases to take steam, whichever is the sooner, and during which period *BPCL* has suffered loss which it can demonstrate;

CM
MAS

Steam Supply Date	The date on which *NP* has installed and commissioned sufficient equipment to be capable of supplying *BPCL* with steam: (a) of a quality and condition in accordance with Schedule V; and (b) up to a level equal to the maximum output that could be reasonably expected under the circumstances which prevail at the time with *NP* operating the equipment in accordance with *Good Industry Practice* subject in respect of medium pressure steam to a maximum supply of 25 *Tonnes of Steam* per hour;
Steam Year	A continuous period of 12 months commencing on a date six months after the *CHP Phase Commencement Date* and thereafter each continuous period of 12 months commencing on each anniversary of such date but which shall be suspended from the commencement of any works by *BPCL* on its steam system affecting the provision of steam until seven days after the completion of such works;
Supplier's Licence	The private electricity supply licence granted to the supplier of standby and top-up electricity to *NP* in relation to the *Premises* under Section 6(2)a of the *Act*;
Supply Point	The point at which supplies are made between the *Parties* as set out in Schedule IV;
System	The system of electrical transmission lines from time to time and for the time being owned or operated by the *REC* or *NGC* or both and through which from time to time *BPCL* receives the *Electricity Supply* directly or indirectly;

CH
MPP

Terminal Point	The point which defines the boundary of ownership of the *CHP Scheme* as set out in Schedule II;
Tonne of Steam	1000kg of steam at the temperature and pressure at which it is supplied to *BPCL;*
Transfer Charge	The charge in pounds sterling payable by *BPCL* or *BPCL's Affiliate* to *NP* on transfer of ownership of the *CHP Scheme* as determined in accordance with sub-clause 9.11;
Underleases	The subterranean leases in a form reasonably acceptable to *NP* and substantially on the same terms as the relevant head lease provided that such terms are also reasonably acceptable to *NP* of land on which *NP* may construct, operate, maintain and modify the natural gas pipeline supplying natural gas from the BG plc (TransCo) National Transmission System at Shotwick to the *CHP Scheme* with necessary rights of access for *NP*, its agents contractors and sub-contractors from the commencement of construction to the end of the *CHP Phase*;
Use of System Agreement	The use of system agreement between the supplier of standby and top-up electricity to *NP* in relation to the *Premises* and either *NGC* or the *REC* or both for the use of a *System* for the transport of electricity on such *System* directly or indirectly to, among other places, an *Exit Point*;
Use of System Charges	The charges levied by *NGC* and the *REC* from time to time for the use of their *System* for the transmission and distribution of electricity to the *Premises*; and
Use of System Metering	Metering equipment suitable to provide the *REC* with such data as it requires for use of system or operational purposes.

CM MAB

1.2 Construction of certain references: in this *Contract*, except where the context otherwise requires, any reference to:

(a) An Act of Parliament or any Part or section or other provision of, or Schedule to an Act of Parliament shall be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, orders or regulations then in force and made under or deriving validity from the relevant Act of Parliament; and

(b) a "day" means a period of 24 hours (or such other number of hours as may be relevant in the case of changes for daylight saving) ending at 12.00 midnight and a "month" means a calendar month.

1.3 Interpretation: in this *Contract*:

(a) references to the masculine shall include the feminine and references in the singular shall include references in the plural and vice versa, and words denoting natural persons shall include companies, corporations and any other legal entity and vice versa;

(b) the words "include" or "including" are to be construed without limitation;

(c) except where the context otherwise requires a reference to a particular Clause, sub-clause, paragraph, Schedule or Appendix shall be a reference to that Clause, sub-clause, paragraph, Schedule or Appendix in or to this *Contract;*

(d) any reference to another agreement or any deed or other instrument shall be construed as a reference to that other agreement, deed or other instrument as the same may have been, or may from time to time be amended, varied, supplemented or novated;

CM
MAP

(e) if any of the source documents or indices referred to in this *Contract* are unavailable or cease publication there shall be substituted therefor alternative source documents or indices which as nearly as practicable achieve the same result;

(f) headings to each of the Clauses, sub-clauses and paragraphs, are inserted for convenience only and shall be ignored for the purposes of construction; and

(g) where any provision of this *Contract* provides for the term thereof or the *CHP Phase* to be extended any time by which either *Party* is required under this *Contract* to perform any act which is specified by reference to the term of this *Contract* or the *CHP Phase Commencement Date* shall be extended accordingly.

2. CONDITIONS

2.1 (not used)

2.2 *NP* or *BPCL* as the case may be undertake to use all reasonable endeavours to ensure the satisfaction of the conditions set out in sub-clause 2.4. The *Parties* shall notify each other in writing forthwith when each of the conditions set out in sub-clause 2.4 has been satisfied.

2.3 (not used)

2.4 The conditions are:

(a) *NP* obtaining an Advance Reservation of Capacity Agreement from BG plc (TransCo) by 31st August 1998;

(b) *NP* obtaining any consent necessary for the use of natural gas under Energy Act 1976: Section 14 from the Department of Trade and Industry by 31st December 1998;

cH
mAB

(c) *BPCL* obtaining a *Connection Agreement* with the local *REC* by 31st March 1999;

(d) *BPCL* obtaining Department of Trade and Industry consent for the Pipeline Construction Agreement under the Pipelines Act 1962 - Section 1 by 31st December 1998;

(e) *NP* obtaining a contract for the supply of potable water with North West Water Ltd by 31st December 1998;

(f) *BPCL* obtaining the *Licences* by 31st March 1999;

(g) in addition to the *Licences*, *BPCL* obtaining all other leasehold interests or agreements, wayleaves, easements, permits or consents necessary for constructing the pipeline assets referred to in paragraph (h) of Schedule I (a) by 31st March 1999; and

(h) *NP* obtaining a lease from Manchester Ship Canal Company in relation to the land adjacent to the *CHP Site* by 31st December 1998.

2.5 In the event that a condition set out in sub-clause 2.4 required to be satisfied by *BPCL* is not satisfied before the date applicable to it this *Contract* shall terminate 14 days thereafter and *BPCL* shall indemnify *NP* for all costs reasonably incurred or committed by *NP* but without further obligation of either *Party* to the other unless the *Parties* agree otherwise.

2.6 In the event that a condition set out in sub-clause 2.4 required to be satisfied by *NP* is not satisfied before the date applicable to it this *Contract* shall terminate 14 days thereafter without further obligation of either *Party* other unless the *Parties* agree otherwise.

2.7 Notwithstanding the provisions of this Clause 2, *NP*'s obligations and *BPCL*'s rights under sub-clauses 9.15, 9.21 and 17.2(c) of this *Contract* shall be conditional upon and subject to the delivery to *NP* of a guarantee of the due and proper performance of the obligations and duties of *BPCL* under this *Contract* in substantially the form attached as Schedule XIII hereto and given by Abitibi Consolidated Inc of 1155 Metcalfe, Suite 800, Montreal, H3B 5H2 Quebec, Canada. *BPCL* shall procure delivery of such guarantee within 60 days from the date hereof. If such guarantee shall not be delivered within such period, *NP* shall be under no obligation whatsoever under or in relation to sub-clauses 9.15, 9.21 and 17.2(c) during the term of this *Contract* or at all.

2.8 In the event that the Department of Trade and Industry refuses, or indicates in writing that it will refuse, to give either of the consents referred to in sub-clause 2.4(b) or 2.4(d), *NP* or *BPCL* as the case may be will immediately notify the other in writing and *NP* may terminate this *Contract* by notice in writing to *BPCL* whereupon the provisions of sub-clause 2.5 or 2.6 as the case may be shall apply.

TERMS AND CONDITIONS OF SUPPLY

3. CONTRACT DURATION

3.1 This *Contract* shall commence on the date hereof and shall continue in force until the earlier of:

(a) 14 days after the condition subsequent not having been satisfied by the date applicable to it unless the *Parties* agree otherwise; or

(b) termination in accordance with Clause 17; or

(c) 15 years from the *CHP Phase Commencement Date* unless this *Contract* is extended or replaced in accordance with sub-clause 3.5 in which event it will terminate on expiry of the final extension or replacement.

cM
mAB

3.2 The *CHP Phase* will commence on the *CHP Phase Commencement Date*. *NP* will endeavour to ensure that the *CHP Phase Commencement Date* is no later than the *Scheduled Date*. *BPCL* shall endeavour not to cause delay to the *CHP Phase Commencement Date* by its acts or omissions. In the event that *NP* considers that the *CHP Phase Commencement Date* may be later than the *Scheduled Date* *NP* and *BPCL* will meet with a view to discussing how such delay may be overcome. In any event *NP* will meet with *BPCL* throughout the *Pre-CHP Phase* no less frequently than every 35 days such that *NP* may report to *BPCL* progress in construction of the *CHP Scheme*.

3.3 During the *CHP Phase*, *NP* shall supply *BPCL* with and *BPCL* shall take from *NP* electricity and steam in accordance with the terms and conditions contained herein.

3.4 *BPCL* may, not later than 6 months prior to the 14th anniversary of the *CHP Phase Commencement Date*, request *NP* to continue to supply electricity and steam to BPCL at the *Premises* on terms offered by *BPCL*.

3.5 Should *NP*, in its sole discretion, not accept the terms offered by *BPCL* or such other terms which the *Parties* may mutually agree by the 14th anniversary of the *CHP Phase Commencement Date*, *BPCL* shall cause an *Affiliate* to purchase the *CHP Scheme* on the fifteenth anniversary of the *CHP Phase Commencement Date*. In such event, on that date each of the following events shall occur:

(a) *BPCL* or the *Affiliate* shall pay to *NP* an amount to be determined by *BPCL* but being a positive amount together with Value Added Tax thereon as required by law;

(b) *NP* shall transfer legal and beneficial ownership in the *CHP Scheme* to the *Affiliate* free from all liens, charges and encumbrances;

(c) *NP* shall transfer the *CHP Scheme* without any warranty as to the fitness for purpose of the *CHP Scheme*;

CM

(d) *NP* shall deliver to the *Affiliate* such documents and records as are reasonably necessary for the continued operation and maintenance of the *CHP Scheme* and spares held at the *Premises* and purchased for use on the *CHP Scheme*, together with an inventory of the same, and shall assign if assignable without consent and shall otherwise use reasonable endeavours to assign to the *Affiliate* at its request any warranties given by any third parties with respect thereto and shall use reasonable endeavours to obtain any continuing benefits for *BPCL* under any non-assignable warranties;

(e) *NP* shall assign if assignable without consent and shall otherwise use reasonable endeavours to assign or novate to the *Affiliate*, and the *Affiliate* shall accept the assignment or novation thereof, all rights and obligations under any maintenance contract entered into by *NP* at arm's length with any other third party and relating exclusively to the *CHP Scheme* which is capable of assignment or novation to the *Affiliate*;

(f) the *Affiliate* and *BPCL* shall jointly and severally indemnify *NP* against liabilities *NP* may incur arising from continued use of the *CHP Scheme* and *NP* shall indemnify *BPCL* against all such liabilities arising from the use of the *CHP Scheme* for which *NP* is responsible under the terms of this *Contract*;

(g) this *Contract* and the *Lease* and the *Underleases* shall terminate; and

(h) neither *BPCL* nor the *Affiliate* shall be required or entitled upon transfer of the *CHP Scheme* to take over any contractual obligations or rights of *NP* other than as set out herein or as otherwise agreed by the *Parties* and the *Affiliate*.

3.6 If the *Affiliate* fails to purchase the *CHP Scheme* in accordance with sub-clause 3.5, *NP* may, following the 15th anniversary of the *CHP Phase Commencement Date* remove those items of plant listed in Schedule I(b) from the *CHP Site* and *BPCL* will indemnify *NP* for the costs of such removal and the obligations of *NP* under this *Contract* shall cease upon *NP* commencing its removal of the *CHP Scheme* items from the *CHP Site*.

cl
mh

3.7 For the duration of this *Contract*, and during any subsequent contract extension or replacement pursuant to sub-clause 3.4, all buildings, plant, equipment and other items forming part of the *CHP Scheme* will remain the property of *NP* (and be deemed to be Lessee's fixtures). Subject to any transfer of the *CHP Scheme* in accordance with this *Contract*, *NP* reserves the right to remove from the *CHP Site* all such buildings, plant, equipment and other items within 18 months of termination or earlier expiration of this *Contract* or any extension or replacement thereof after which time the *Lease* and the *Underleases* shall terminate. *NP* may by notice to *BPCL* terminate the *Lease* and the *Underleases* before the expiration of the 18 month period if it chooses to.

3.8 The right of *NP* to remove its buildings, plant, equipment and other items from the *CHP Site* hereunder shall survive termination of this *Contract*, or any contract extension or replacement arrangement thereof, for a period of 18 months provided that should any dispute arise from this *Contract* or any extension or replacement thereof be outstanding upon termination, the period of 18 months shall not commence until determination of such dispute.

3.9 *BPCL* may, at any time subsequent to the date three months prior to making any offer under sub-clause 3.4 and at its own expense, inspect the *CHP Scheme* provided that such inspection does not interfere with operation and maintenance of the *CHP Scheme*. *BPCL* may appoint third parties, including without limitation an *Affiliate*, to assist it in such inspection subject to the consent of *NP*, such consent not to be unreasonably withheld.

4. <u>CAPITAL ITEMS</u>

4.1 The major capital items included in the *CHP Scheme* are outlined in Schedule I(a).

4.2 *NP* reserves the right to make improvements or modifications to the *CHP Scheme* for the benefit of *NP* or *BPCL* or both provided that such improvements or modifications are not to the detriment of *BPCL*.

CRT
MB

4.3 *BPCL* may request *NP* to make improvements or modifications to the *CHP Scheme* at *BPCL*'s cost, such request not to be unreasonably refused.

4.4 In the event that *BPCL* intends to materially increase its requirement for steam and/or electricity and *BPCL* considers such increase will require the installation of additional boilerplant and/or electricity generating plant and any associated equipment, *NP* and *BPCL* will meet at *BPCL*'s request:

(a) in order for *BPCL* to advise *NP* of its intentions;

(b) to jointly discuss *BPCL*'s consideration of the requirement for additional utility plant; and

(c) to negotiate exclusively in good faith for no less than 6 months with a view to agreeing a mutually acceptable technical and commercial arrangement to meet *BPCL*'s future requirements for steam and electricity.

Failure to agree will result in this *Contract* remaining unchanged for the duration of its term.

5. <u>TERMINAL POINTS</u>

5.1 The *Terminal Points* of the *CHP Scheme* are defined in Schedule II. Schedule II may be modified by *NP* subject to the consent of *BPCL*, such consent not to be unreasonably withheld.

6. <u>SUPPLIES</u>

6.1 Throughout the *CHP Phase NP* will supply electricity to *BPCL* at the *Premises* and *BPCL* will take its requirements for such electricity from *NP* in accordance with the terms and conditions of this *Contract* including Schedule III. Where electrical demand is measured in kW rather than kVA, unless agreed otherwise between the *Parties*, a power factor of 0.96 will be used to convert kW to kVA.

cM
MAB

6.2 Throughout the *CHP Phase NP* will supply steam in accordance with sub-clause 7.2(b).

6.3 *BPCL* will provide all supplies and services set out under sub-clauses 8.1 and 8.5.

6.4 Title to and risk in the supply of electricity and steam supplies to *BPCL* pursuant to this *Contract* shall pass to *BPCL* at the electricity and steam *Supply Points* respectively as set out in Schedule IV.

7. RESPONSIBILITIES OF NP

Pre-CHP Phase

7.1 During the *Pre-CHP Phase NP* will be responsible for the following:

(a) subject at all times to sub-clause 11.2, designing, procuring, installing, and commissioning the *CHP Scheme* in accordance with *Good Industry Practice*;

(b) liaising with *BPCL* with regard to the undertaking of *BPCL's* obligations as detailed in sub-clause 8.1;

(c) procuring the provision of the required *BPCL* HV system modifications as set out in Schedule X;

(d) providing continuity of suitable management and planning to meet its obligations under sub-clause 7.1(a);

(e) procuring a supply of natural gas for use at the *CHP Scheme* substantially in accordance with the provisions of Schedule IX;

(f) subject at all times to sub-clause 11.2, procuring the provision of the required *BPCL* steam system modifications as set out in Schedule X;

cH
MAY

(g) providing training of *NP's* operating staff;

(h) using reasonable endeavours to sell any *BPCL* electricity generated by *BPCL* prior to the *CHP Phase* on behalf of *BPCL*;

(i) co-operating with *BPCL* to avoid disruption to the operations on its site; and

(j) providing on a monthly basis to *BPCL* such material financial and costs information as it may reasonably request relating to those matters referred to in sub-clause 11.2 A and B provided that *NP* shall advise *BPCL* as soon as reasonably practicable of any costs which in *NP*'s opinion will result in the sums referred to in sub-clauses 11.2 A and B being exceeded by more than £100,000.

<u>CHP Phase</u>

7.2 Throughout the *CHP Phase NP* will be responsible for the following:

(a) supplying *BPCL's* electricity requirements at the *Premises* up to (i) when the electrical connection at the *Exit Point* is energised the greater of the *Maximum Capacity* or the output of the *CHP Scheme;* or (ii) when the electrical connection at the *Exit Point* is not energised the output of the *CHP Scheme* if operating;

(b) supplying *BPCL* with steam from the *CHP Scheme*:

(i) of a quality and condition in accordance with Schedule V; and

(ii) up to a level equal to the maximum output

that could be reasonably expected under the circumstances which prevail at the time with *NP* operating the *CHP Scheme* in accordance with *Good Industry*

cn
MAP

Practice subject in respect of medium pressure steam to a maximum supply of 25 *Tonnes of Steam* per hour;

(c) operating the *CHP Scheme*, or procuring the operation of the *CHP Scheme* in accordance with *Good Industry Practise*;

(d) maintaining the *CHP Scheme*, or procuring the maintenance of the *CHP Scheme* in accordance with *Good Industry Practise*;

(e) liaising with *BPCL* with regard to the undertaking of *BPCL's* obligations as detailed in sub-clause 8.5;

(f) procuring a supply of natural gas for the *CHP Scheme* substantially in accordance with the provisions of Schedule IX;

(g) operating the 33,000 volt electrical equipment and 33,000/11,000 volt transformers at the *Premises*;

(h) maintaining at *BPCL's* cost the 33,000 volt electrical equipment and 33,000/11,000 volt transformers at the *Premises*; and

(i) on behalf of *BPCL*, ordering and managing the delivery of distillate oil at *BPCL's* cost to enable *BPCL* to comply with its obligations set out in 8.5(h).

8. RESPONSIBILITIES OF BPCL

Pre-CHP Phase

8.1 During the *Pre-CHP Phase BPCL* will be responsible for the following by the dates specified or, where not specified, by such dates as reasonably required by *NP*, at no cost to *NP* unless stated otherwise:

(a) granting:

CM
MAB

(i) the *Lease* at a peppercorn rent for the term of this *Contract* no later than 60 days from the date hereof and thereafter maintaining the obligations of the landlord therein;

(ii) granting the *Underleases* each at a peppercorn rent for the term of this *Contract* no later than 30 days after the leases from the owners of the freehold interests in the land through which a natural gas pipeline runs have been granted to *BPCL* by those owners;

(b) providing and maintaining a suitable 3,300 volts three phase electrical supply of 1,000 kVA capacity at the *Terminal Point* in Schedule II by 1st October 1998;

(c) providing supplies for commissioning purposes in accordance with sub-clause 16.1;

(d) providing such supplies of potable water and construction water as are available and subject to the maximum capacity of the existing pipelines;

(e) providing any necessary site safety induction training;

(f) making available the *CHP Site* which is cleared, safe and free from all asbestos and other hazardous substances, including underground obstructions, except those known to *NP* at the date hereof and listed in Schedule XII and providing any information relating to the previous use of the *CHP Site* by 1st October 1998;

(g) providing access and otherwise enabling *NP* to make any necessary tie-ins at or before the dates set out in Schedule VI with *BPCL's* system isolated and made safe;

(h) (i) providing access by 22nd March 1999 and otherwise enabling *NP* to make a suitable 33,000 volt connection from the *System* to the *CHP*

cM
MB

Scheme and using all reasonable endeavours to maintain that connection in a manner which permits unconstrained operation of the *CHP Scheme* provided that *NP's* use does not cause *BPCL* to be in breach of its obligations under the *Connection Agreement*;

(ii) maintaining a *Connection Agreement* providing 49,900 kW firm export capacity and *Maximum Capacity* sufficient to provide *BPCL's* requirements for standby and top up electricity (as determined by *BPCL*) ; and

(iii) allowing *NP* to use that connection and that *Connection Agreement* capacity to import electricity from the *System* to the *CHP Scheme* as is necessary for *NP* to meet its obligations under this *Contract* and to export electricity to the *System;*

(i) co-operating with *NP* to avoid disruption to the construction and commissioning programme;

(j) completing the *Enabling Works* by the dates set out for each of the duties under Schedule VI;

(k) ensuring that no changes to the *Connection Agreement* are made without the prior written consent of *NP*, such consent not to be unreasonably withheld;

(l) granting *NP's* supplier and deliverer of natural gas access and other rights as may be required by such supplier or deliverer in accordance with normal natural gas industry good practice and *NP's* contracts for the supply and delivery of natural gas for the *CHP Scheme* in effect from time to time by *BPCL*;

(m) providing temporary access to the *BPCL* fire hydrant adjacent to the *CHP Site*;

CR
MO

(n) providing and maintaining all easements, wayleaves and rights of way necessary for the construction and commissioning of the *CHP Scheme;*

(o) receiving title and ownership of any equipment as and when procured by *NP* from time to time in accordance with sub-clause 7.1(c) and 7.1(f), for an amount in each case to be determined by *BPCL* but being a positive amount together with Value Added Tax thereon as required by law, if so required by *NP*. Such transfer shall take effect without any warranties from *NP* relating to the fitness for purpose of such equipment, the transfer shall be subject to *BPCL* providing *NP* with appropriate indemnities against liabilities *NP* may incur under relevant health and safety legislation arising from the continued use of such equipment and upon such transfer *NP* will transfer to *BPCL*, at *BPCL's* option, any transferable warranties; and

(p) obtaining an effluent pipeline easement from Manchester Ship Canal Company and granting an easement in favour of *NP* for the use of the same on no more onerous terms by 31st December 1998.

8.2 In the event of *BPCL* failing to meet its obligations detailed in sub-clause 8.1, *BPCL* shall indemnify *NP* against all reasonable costs and losses of *NP* arising from such failure provided however that if such failure results only in delaying the *Steam Supply Date* then the indemnification shall be only as provided within sub-clause 9.16.

8.3 *BPCL* shall use its best endeavours to give *NP* as much notice as possible of any failure or possible failure or any delay or possible delay in meeting its obligations detailed in sub-clause 8.1.

8.4 Indemnification of *NP* against costs and losses pursuant to sub-clause 8.2 hereof shall not relieve *BPCL* of its obligations detailed in sub-clause 8.1 and shall not prejudice the rights of *NP* to any relief or remedy to which it may become entitled under this *Contract* in the event of such breach by *BPCL*. To avoid any double counting, to the extent that if it recovers any sum under such indemnity *NP* is not entitled to recover such sum under any other provision of this *Contract* or at law.

CM
MB

(ii) maintaining a *Connection Agreement* providing 49,900 kW firm export capacity and *Maximum Capacity* sufficient to provide *BPCL's* requirements for standby and top-up electricity (as determined by *BPCL)*; and

(iii) allowing *NP* to use that connection and that *Connection Agreement* capacity to import electricity from the *System* to the *CHP Scheme* as is necessary for *NP* to meet its obligations under this *Contract* and to export electricity to the *System* provided that *NP's* use does not cause *BPCL* to be in breach of its obligations under the *Connection Agreement*;

(e) providing any new facilities or maintenance of any existing facilities which are required for the continued operation of the *CHP Scheme* which are outside the scope of *NP's* responsibilities as bounded by the *Terminal Points*;

(f) assisting *NP* to maintain all necessary *EA* authorisations to allow the *CHP Scheme* to operate;

(g) providing and maintaining all necessary easements, wayleaves and rights of way necessary for the operations and maintenance of the *CHP Scheme*;

(h) providing distillate oil to the standard of BS2869 Class D to *NP* at a price in accordance with sub-clause 9.24 measured in accordance with sub-clause 14.8 at metering point M_{12};

(i) providing to *NP* no later than 1200 hours on Wednesday of the preceding week for each week during the term of this *Contract* an estimate of the quantities of steam *BPCL* requires for each day of that week; and

(j) providing to *NP* no later than 1200 hours on each day its best estimate of the quantity of steam required by *BPCL* for the following day and immediately notifying the nature and extent of any event which could change such estimate.

CM
MAP

CHP Phase

8.5 During the *CHP Phase BPCL* will be responsible for providing the following, at no cost to *NP* unless stated otherwise, so as to enable *NP* to operate and maintain the *CHP Scheme*:

(a) using reasonable endeavours to make sufficient land adjacent to the *CHP Site* as is owned by *BPCL* and not required in connection with the operations of *BPCL* at the *Premises* available as would be reasonably required for laydown and maintenance of the *CHP Scheme*;

(b) providing suitable and adequate supplies of the following to the *CHP Scheme* with a quality and condition in accordance with Schedule V at the appropriate *Supply Points* :

(i) condensate return of no less than 50% of the quantity of steam supplied by *NP* to *BPCL* in any month which shall be measured in accordance with Clause 14 provided that *BPCL*'s liability for failure to provide all or any such condensate shall not exceed the cost to *NP* of the make-up water supplies and *NP*'s reasonable costs for the treatment of the same; and

(ii) water from bore hole No.4 for temporary supplies;

(c) receiving foul sewage from the *CHP Scheme* and disposing of the following at the appropriate *Supply Points*;

(d) (i) providing a suitable 33,000 volts connection from the *System* to the *CHP Scheme* and using all reasonable endeavours to maintain that connection in a manner which permits unconstrained operation of the *CHP Scheme*;

cf1
MAB

8.6 In the event of *BPCL* failing to meet its obligations detailed in sub-clause 8.5, *BPCL* shall indemnify *NP* against all reasonable costs and losses of *NP* arising from such failure.

8.7 *BPCL* shall use its best endeavours to give *NP* as much notice as possible of any failure or possible failure or any delay or possible delay in meeting its obligations detailed in sub-clause 8.5.

8.8 Indemnification of *NP* against costs and losses pursuant to sub-clause 8.6 hereof shall not relieve *BPCL* of its obligations detailed in sub-clause 8.5 and shall not prejudice the rights of *NP* to any relief or remedy to which it may become entitled under this *Contract* in the event of such breach by *BPCL*. To avoid any double counting, to the extent that if it recovers any sum under such indemnity *NP* is not entitled to recover such sum under any other provision of this *Contract* or at law.

9. CHARGES

Electricity

9.1 *BPCL* will pay *NP* an *Electricity Charge* for electricity throughout the *CHP Phase*. The quantity of electricity supplied will be measured in accordance with Clause 14. In any *Half Hour* the *Electricity Charge* for electricity supplied by *NP* to *BPCL* :

(a) for each kWh of the first 21,000 kWh will be 1.00 pence per kWh as reviewed and revised in accordance with sub-clause 9.2 (a);

(b) for each kWh in excess of 21,000 kWh up to the total electrical capacity of both generators, whether or not operating, comprising the *CHP Scheme* will be 2.70 pence per kWh as reviewed and revised in accordance with sub-clause 9.2 (b)

9.2 The *Electricity Charges* outlined in sub-clause 9.1 will be reviewed and revised as follows:

cm
MAS

(a) the base *Electricity Charge* of 1.00 pence per kWh set out in sub-clause 9.1 (a) will be reviewed and revised on 1st January 1999 and each *Quarterly Review Date* thereafter in accordance with the following formula:

$$E_t = E_b \times (0.34(\frac{G_t}{G_b}) + 0.15(\frac{ET_t}{ET_b}) + 0.12(\frac{PPI_t}{PPI_b}) + 0.12(\frac{HFO_t}{HFO_b}) + 0.12(\frac{GO_t}{GO_b}) + 0.15(1.0022633)^n)$$

where

E_t	=	the revised *Electricity Charge*
E_b	=	the base *Electricity Charge* specified in sub-clause 9.1 (a)
G_t	=	the *Price of Gas* as at the *Quarterly Review Date*
G_b	=	14.07 pence per therm
ET_t	=	the average price of Electricity (pence per kWh) as published in *Energy Trends* for a moderately large consumer for the four quarters ending one quarter prior to the *Quarterly Review Date.*
ET_b	=	the average price of Electricity (pence per kWh) as published in *Energy Trends* for a moderately large consumer for the four quarters preceding 1st April 1998.
PPI_t	=	the average figure of *Producer Price Index* as published for the 12 months ending 3 months prior to the *Quarterly Review Date*
PPI_b	=	the average figure of *Producer Price Index* as published for the 12 months preceding 1st April 1998, which is 125.46.

UM

MB

HFO_t = the average price of Heavy Fuel Oil (£/tonne) as published in *Energy Trends* for a moderately large consumer for the four quarters ending one quarter prior to the *Quarterly Review Date.*

HFO_b = the average price of Heavy Fuel Oil (£/tonne) as published in *Energy Trends* for a moderately large consumer for the four quarters preceding 1st April 1998.

GO_t = the average price of Gas Oil as published in *Energy Trends* for a large consumer for the four quarters ending one quarter prior to the *Quarterly Review Date.*

GO_b = the average price of Gas Oil as published in *Energy Trends* for a large consumer for the four quarters preceding 1st April 1998.

n = number of months after 1st April 1998

(b) the base *Electricity Charge* of 2.70 pence per kWh set out in sub-clause 9.1 (b) will be reviewed and revised on 1st January 1999 and each *Quarterly Review Date* thereafter in accordance with the following formula:

$$E_t = E_b \times \frac{ET_t}{ET_b}$$

where:

E_t = the revised *Electricity Charge*

E_b = the base *Electricity Charge* specified in sub-clause 9.1 (b)

ET_t = the average price of Electricity (pence per kWh) as published in *Energy Trends* for a moderately large

cm
MAD

consumer for the four quarters ending one quarter prior to the *Quarterly Review Date.*

ET_b = the average price of Electricity (pence per kWh) as published in *Energy Trends* for a moderately large consumer for the four quarters preceding 1st April 1998.

9.3 In the event that *BPCL's* electricity consumption in any *Half Hour* is greater than the total electrical capacity of both generators, whether or not operating, comprising the *CHP Scheme* *BPCL* will pay to *NP* any actual costs for importing electricity incurred by *NP* for supplying from the *System* the additional electricity consumed.

9.4 *BPCL* will pay *NP* a charge equal to the actual cost of any *REC* standing charge and *REC* Availability Charge and any other fixed *Use of System Charges* charged by the *REC* to *NP* or *NP's* supplier of electricity from the *System* except any such charges related solely to the export of electricity from the *CHP Scheme* to the *System.*

Steam

9.5 *BPCL* will pay *NP* a *Steam Charge* for steam from the *CHP Scheme* throughout the *CHP Phase.* The quantity of steam supplied will be measured in accordance with Clause 14. The *Steam Charge* for each *Tonne of Steam* supplied by *NP* to *BPCL* will be £5.00 as reviewed and revised in accordance with sub-clause 9.6.

9.6 The base *Steam Charge* of £5.00 per *Tonne of Steam* will be reviewed and revised on 1st January 1999 and thereafter on each *Quarterly Review Date* in accordance with the following formula:

$$S_t = S_b \times (\frac{G_t}{G_b})$$

where:

S_t = the revised *Steam Charge*

CM
MAB

S_b = the base *Steam Charge* specified in sub-clause 9.5

G_t = the *Price of Gas* as at the *Quarterly Review Date*

G_b = 14.07 pence per therm.

9.7 If the quantity of steam supplied in any 12 month period commencing *on the CHP Phase Commencement Date* or any anniversary thereafter is less than 770,000 *Tonne of Steam BPCL* will pay *NP* for steam not taken up to the amount of 770,000 *Tonne of Steam* at the *Steam Charge*. Such payment for steam not taken will be credited to *BPCL* in any of the following three contract years for steam taken in excess of 770,000 *Tonnes of Steam*. In the event that *BPCL* takes and pays for more than 905,000 *Tonne of Steam* in any 12 month period commencing on the *CHP Phase Commencement Date* or any anniversary thereafter the amount that *BPCL* has paid to *NP* for steam in excess of such 905,000 *Tonne of Steam* will register as a forward credit. Such forward credit may be used to offset any future obligations of *BPCL* to pay for steam that is not required by *BPCL* in the immediately succeeding 12 month period.

<u>Standing Charge</u>

9.8 *BPCL* will pay *NP* a *Standing Charge* of £504,889 per month as reviewed and revised in accordance with sub-clause 9.9 or otherwise in this *Contract.*

9.9 The base *Standing Charge* of £504,889 per month will be reviewed and revised on 1st January 1999 and thereafter on each *Quarterly Review Date* in accordance with the following formula:

$$SC_t = SC_b \times (0.34(\frac{G_t}{G_b}) + 0.15(\frac{ET_t}{ET_b}) + 0.12(\frac{PPI_t}{PPI_b}) + 0.12(\frac{HFO_t}{HFO_b}) + 0.12(\frac{GO_t}{GO_b}) + 0.15(1.0022633)^n)$$

where:

cen
MAP

SC_t = the revised *Standing Charge*

SC_b = the base *Standing Charge* specified in this sub-clause

G_t = the *Price of Gas* as at the *Quarterly Review Date*

G_b = 14.07 pence per therm

ET_t = the average price of Electricity (pence per kWh) as published in *Energy Trends* for a moderately large consumer for the four quarters ending one quarter prior to the *Quarterly Review Date.*

ET_b = the average price of Electricity (pence per kWh) as published in *Energy Trends* for a moderately large consumer for the four quarters preceding 1st April 1998.

PPI_t = the average figure of *Producer Price Index* as published for the 12 months ending 3 months prior to the *Quarterly Review Date*

PPI_b = the average figure of *Producer Price Index* as published for the 12 months preceding 1st April 1998, which is 125.46.

HFO_t = the average price of Heavy Fuel Oil (£/tonne) as published in *Energy Trends* for a moderately large consumer for the four quarters ending one quarter prior to the *Quarterly Review Date.*

HFO_b = the average price of Heavy Fuel Oil (£/tonne) as published in *Energy Trends* for a moderately large consumer for the four quarters preceding 1st April 1998.

GO_t = the average price of Gas Oil as published in *Energy Trends* for a large consumer for the four quarters ending one quarter prior to the *Quarterly Review Date.*

CH
MAB

GO_b = the average price of Gas Oil as published in *Energy Trends* for a large consumer for the four quarters preceding 1st April 1998.

n = number of months after 1st April 1998

9.10 *BPCL* will pay *NP* a charge equal to the *Generation Rates* for the *CHP Scheme*.

CM
MAB

Transfer Charges

9.11 The *Transfer Charge* is as determined in the following table .

Time of Transfer	base *Transfer Charge*
Pre-CHP Phase	130% of *NP*'s actual third party costs incurred and committed
CHP Phase Commencement Date	£70,388,359
first anniversary	£68,004,444
second anniversary	£65,669,999
third anniversary	£63,387,499
fourth anniversary	£61,159,541
fifth anniversary	£58,988,851
sixth anniversary	£56,878,294
seventh anniversary	£54,830,875
eighth anniversary	£52,849,752
ninth anniversary	£50,938,240
tenth anniversary	£49,099,818
eleventh anniversary	£47,338,143
twelfth anniversary	£45,657,050
thirteenth anniversary	£36,153,106
fourteenth anniversary	£18,435,168
fifteenth anniversary	£1

cm

MAD

where "anniversary" is the relevant anniversary of the *CHP Phase Commencement Date*

Default Transfer Clause

9.12 The *Default Transfer Charge* is as determined in the following table:

CM

MHB

Time of Transfer	base *Default Transfer Charge*
Pre-CHP Phase	90% of *NP*'s actual third party costs incurred and committed
CHP Phase Commencement Date	£41,400,000
first anniversary	£38,640,000
second anniversary	£35,880,000
third anniversary	£33,120,000
fourth anniversary	£30,360,000
fifth anniversary	£27,600,000
sixth anniversary	£24,840,000
seventh anniversary	£22,080,000
eighth anniversary	£19,320,000
ninth anniversary	£16,560,000
tenth anniversary	£13,800,000
eleventh anniversary	£11,040,000
twelfth anniversary	£8,280,000
thirteenth anniversary	£5,520,000
fourteenth anniversary	£2,760,000
fifteenth anniversary	£1

where "anniversary" is the relevant anniversary of the *CHP Phase Commencement Date*

CM
[illegible]

No Fault Transfer Clause

9.13 The *No Fault Transfer Charge* is as determined in the following table:

Time of Transfer	base *No Fault Transfer Charge*
Pre-CHP Phase	107.5% of *NP*'s actual third party costs incurred and committed
CHP Phase Commencement Date	£55,894,180
first anniversary	£53,322,222
second anniversary	£50,775,000
third anniversary	£48,253,750
fourth anniversary	£45,759,770
fifth anniversary	£43,294,425
sixth anniversary	£40,859,147
seventh anniversary	£38,455,438
eighth anniversary	£36,084,876
ninth anniversary	£33,749,120
tenth anniversary	£31,449,909
eleventh anniversary	£29,189,071
twelfth anniversary	£26,968,525
thirteenth anniversary	£20,836,553
fourteenth anniversary	£10,597,584
fifteenth anniversary	£1

cm

MAB

where "anniversary" is the relevant anniversary of the *CHP Phase Commencement Date*

Imbalance Charges

9.14 *BPCL* will indemnify *NP* in respect of any imbalance charges incurred by *NP* as a result of incorrect nominations of natural gas *NP* will invoice *BPCL* for, and *BPCL* shall pay, such charges in accordance with Clause 10 of this *Contract*. This indemnity shall not apply in circumstances where the incorrect nomination is due to *NP*'s own negligence in making such nominations.

Steam Supply Date

9.15 In the event that the *Steam Supply Date* is later than the *Scheduled Date* other than by reason of delays caused by *BPCL*, its contractors, sub-contractors or agents or by delays caused by *Force Majeure*, or *ARCA Days*, *NP* shall pay *BPCL* £5,000 for each day that the *Steam Supply Date* is later than the *Scheduled Date* subject always to a maximum payment of £350,000.

9.16 In the event that *BPCL*, its contractors, sub-contractors or agents delays the *Steam Supply Date*, *BPCL* shall pay *NP* £5,000 for each day delay of the *Steam Supply Date* subject always to a maximum payment of £350,000.

9.17 (Not used)

9.18 (Not used)

Rounding

9.19 After each review pursuant to sub-clauses 9.2(a), 9.2(b), 9.6 and 9.9 the reviewed charges shall be rounded and expressed as follows:

CM
MAG

(a) the *Electricity Charges* shall be truncated to four decimal places and rounded to three decimal places (with the figure 0.0005 and above rounded upwards);

(b) the *Steam Charge* shall be truncated to three decimal places and rounded to two decimal places (with the figure 0.005 and above rounded upwards); and

(c) the *Standing Charge*, shall be truncated to one decimal place and rounded to whole numbers (with the figure 0.5 and above rounded upwards).

Steam Supply Quality

9.20 In the event that *NP* fails to supply steam at a quality and condition in accordance with Schedule V *NP* and *BPCL* will meet with a view to establishing the cause of any such failure and establishing any possible remedial action.

9.21 In the event that more than four *Steam Quality Failure Periods* occur in any *Steam Year* or the total duration of any *Steam Quality Failure Period* in any *Steam Year* exceed 60 hours *NP* shall:

(a) grant *BPCL* a credit of *BPCL's* demonstrable loss; or

(b) not charge the *Steam Charge* and grant *BPCL* a credit of £52.50/minute,

whichever is the lesser in total value, for the duration of any *Steam Quality Failure Periods* in excess of four or in excess of 60 hours in any *Steam Year* up to a maximum credit of £25,000 for any single *Steam Quality Failure Period* (or series of related *Steam Quality Failure Periods*) and up to a cumulative credit of £100,000 in any *Steam Year* PROVIDED ALWAYS that *NP* shall have no obligation to grant *BPCL* any credit in the event that a *Steam Quality Failure Period* is caused as a result of:

(aa) *BPCL* failing to take steam or *BPCL's* requirement for steam being less than 42 or greater than 150 *Tonnes of Steam* per hour; or

cR1

MAB

(bb) *BPCL* failing to meet any of its relevant obligations under this *Contract;* or

(cc) any act or omission by *BPCL*, its contractors, sub-contractors or agents which hinders *NP's* ability to prevent a *Steam Quality Failure Period;* or

(dd) a transient condition within *BPCL's* steam system, or a start-up, or a shut-down or a trip of *BPCL's* paper machines and/or associated equipment caused by *BPCL*, its contractors, sub-contractors or agents which results in the rates of change in *BPCL's* steam requirement being greater than 46 *Tonnes of Steam* per hour per minute or an instantaneous reductions in *BPCL's* steam requirements being greater than 22 *Tonnes of Steam* per hour; or

(ee) *Force Majeure.*

9.22 For each *Steam Year* when there are no *Steam Quality Failure Periods, NP* may, at its option, extend the term of this *Contract* by 5 days. For each *Steam Year* when there is:

(a) a single *Steam Quality Failure Period NP* may extend the term by 4 days;

(b) two *Steam Quality Failure Periods NP* may extend the term by 3 days;

(c) three *Steam Quality Failure Periods NP* may extend the term by 2 days; and

(d) four *Steam Quality Failure Periods NP* may extend the term by 1 day.

<u>Exported Electricity Sales</u>

9.23 Any electricity produced by *NP* from the *CHP Scheme* which is in excess of *BPCL's* requirements at the *Premises* will be exported from the *Premises* and sold by *NP*. Any revenue from such export sales from the *CHP Scheme* will be retained by *NP*.

cm
MAB

Distillate Oil

9.24 The price of distillate oil supplied by *BPCL* to *NP* in accordance with sub-clause 8.5(h) will be equal to the *Price of Gas*. For the purpose of this *Contract*, the gross calorific value of distillate oil is equal to 0.34 therms per litre at 15°C.

10. TERMS OF PAYMENT

10.1 *NP* shall submit monthly invoices to *BPCL* for any payment due to *NP* from *BPCL* and *BPCL* will settle accounts against invoices and in accordance with this *Contract*. Each invoice shall include the following information in respect of the relevant month:

(a) the quantity of electricity supplied by *NP* to *BPCL* and the *Electricity Charge* for such supply;

(b) the quantity of steam supplied by *NP* to *BPCL* and the *Steam Charge* for such supply;

(c) the *Standing Charge*;

(d) all other amounts due from *BPCL* to *NP* pursuant to this *Contract;*

(e) any amounts to be credited to *BPCL* pursuant to this *Contract*.

10.2 *BPCL* will submit invoices to *NP* for any payments due to *BPCL* from *NP* and *NP* will settle accounts against invoices and in accordance with this *Contract;*

10.3 All monthly invoices shall be submitted on or before the 14th day of each month for the previous month's operation. Payment will be made by Direct Debit on the 28th day of each month or if the 28th day is not a *Business Day* on the next following *Business Day*. Payment of all other invoices shall be made on the last *Business Day* of the month following receipt of invoice.

MBD

10.4 Interest: any amount properly due from *BPCL* to *NP* or *NP* to *BPCL* pursuant to this *Contract* and remaining unpaid after the due date for payment shall bear interest thereafter at the current base lending rate of interest as published from time to time by Barclays Bank plc plus 2% per annum, until the amount due is actually received by *NP* or *BPCL* (as the case may be).

10.5 Disputed Items: if any item or part of an item of an account rendered by either *NP* or *BPCL* is disputed or subject to question, the other *Party* may withhold payment of the disputed item but the payment of the remainder of that account shall not be withheld on those grounds and the provisions of sub-clause 10.4 shall apply to any such disputed and questioned item to the extent that it shall subsequently be agreed or determined to have been properly payable. If *BPCL* does not agree with any matter or calculation set out in any invoice from *NP* it shall so notify *NP* within 14 days of receipt of such invoice specifying the reasons for disagreement together with relevant supporting information. In default of such notification *BPCL* shall be deemed to have agreed all the contents of the invoice in question. If *BPCL* issues such a notification the *Parties* shall as soon as practicable and in any event within 7 days consult in an effort to agree the matter. In default of agreement, the matter may be referred by either *Party* for determination pursuant to Clause 20.

10.6 Value Added Tax, Other Indirect Taxes and Security Costs:

(a) VAT: the sums expressed to be payable by either *Party* under this *Contract* are exclusive of Value Added Tax and each *Party* shall pay to the other *Party* Value Added Tax at the rate for the time being and from time to time properly chargeable in respect of this *Contract*;

(b) Other Indirect Taxes: *BPCL* shall pay, and keep *NP* fully and effectually indemnified against fifty percent of any tax, levy, duty or impost of any nature whatsoever, (other than corporation tax on the profits and gains of *NP*) which may now or hereafter be charged, levied or imposed in relation to the supply of electricity and steam by *NP* to *BPCL* under this *Contract*;

cM
MB

(c) Security Costs: except to the extent that costs are included in *Pool Purchase Price*, *BPCL* shall pay any additional costs of or in connection with the supply of electricity which are reasonably incurred in relation to a Security Period pursuant to the *Fuel Security Code* or are incurred in compliance with directions given pursuant to Section 34 or Section 96 of the *Act* or to the Energy Act 1976 or to any emergency code issued by the Secretary of State or other *Competent Authority*.

10.7 The sum set out, which has been reduced by savings in interest charges thereon, in sub-clause 11.1 shall be invoiced in accordance with the following payment schedule:

first invoice one month after the date hereof	£ 482,500
second invoice 3 months after the date hereof	£ 723,750
third invoice 6 months after the date hereof	£ 723,750
fourth invoice 9 months after the date hereof	£ 965,000
fifth invoice 12 months after the date hereof	£ 482,500
sixth invoice 15 months after the date hereof	£1,430,310

11. <u>CONSTRUCTION COSTS</u>

11.1 Following the date hereof *BPCL* shall invoice *NP* in accordance with sub-clause 10.7 for £4,825,000 for payment for works procured by *BPCL* as at the date hereof or to be procured by *BPCL* during the term of this *Contract* in relation to:

(a) the *REC* HV system modification;

(b) transformers and associated equipment from the *REC* and other associated electrical works;

(c) the following matters relating to the installation of those natural gas assets set out in Schedule I(a), paragraph (h);

(i) wayleave costs;

(ii) third party compensation costs;

cM
MAD

(iii) consenting and easement costs;

(iv) legal costs;

(v) land agency costs;

(vi) design study costs; and

(vii) additional costs caused as a result of conditions to be met in order to obtain consents and permits; and

(d) steam tie-ins.

Subject to the proviso below, the sum of £4,825,000 shall be treated as a fixed lump sum payment by *NP* to *BPCL* in respect of the matters at sub-clause 11.1(a) - (d) inclusive above. *BPCL* shall bear any costs incurred, and shall retain any savings from the actual costs incurred by *BPCL*, in procuring such works. Save for making the above payments to *BPCL*, *NP* shall bear no cost liability in relation to such matters. PROVIDED THAT in the event of termination of this *Contract* in accordance with sub-clauses 2.5, 2.6 or 2.8, *BPCL* shall, within 20 *Business Days* repay to *NP* such proportion of the above sum of £4,825,000 that has been paid and relates to such works which have not been procured by *BPCL* as at the date of termination and *NP*'s obligations hereunder shall cease.

11.2 Notwithstanding the fact that *NP* is responsible for procuring certain works in accordance with the terms of this *Contract*, the *Parties* agree that *BPCL* shall in the manner provided for at A and B respectively (i) bear all of the costs associated with those works referred to at A and B below to the extent that the total cost of such works exceeds the sum allowed by *NP* as at the date hereof in respect of the same and (ii) receive the benefit of any saving to the extent that the total cost of such works is less than the sum allowed by *NP* as at the date hereof in respect of the same. For the purposes of this sub-clause, "total cost" means all costs, expenses and fees incurred by *NP* including but not limited to contractors' charges, penalties and bonus payments payable to contractors, a payment of £777,625 to *BPCL* in respect of those matters set out in sub-clause 11.1 (c), and other associated third party costs but excluding *NP*'s internal management costs.

cm
MAP

A. *NP* has allowed a total of £3,006,120 in respect of the total cost for (a) the steam system modifications as defined in Schedule X and (b) the interperimeter services as defined in Schedule XIV. In the event that the total cost of such works exceeds the £3,006,120 allowed, the base *Standing Charge* set out in sub-clause 9.8 will be increased by a ratio of £1,250 per month per £100,000 variation. In the event that the total cost of such works is less than the £3,006,120 allowed, the base *Standing Charge* set out in sub-clause 9.9 will be reduced by a ratio of £1,250 per month per £100,000 variation

B. *NP* has allowed a total of £5,962,459 in the total cost for the gas pipeline works as defined in Schedule I(a), paragraph (h). In the event that the total cost of such works exceeds the £5,962,459 allowed, the base *Standing Charge* set out in sub-clause 9.9 will be increased by a ratio of £1,250 per month per £100,000 variation. In the event that the total cost of such works is less than the £5,962,459, the base *Standing Charge* set out in sub-clause 9.9 will be reduced by a ratio of £625 per month per £100,000 variation.

Further, *BPCL* shall indemnify *NP* for any and all costs, losses, claims and liabilities incurred by *NP* in relation to any delay in procuring such works except when such delay is caused directly by any failure by *NP* to procure such works in accordance with *Good Industry Practice.*

BPCL acknowledges that as at the date hereof, *NP* has not entered into any contract or arrangement with any contractor(s) for such works, that *NP* shall be entitled to enter into such contract(s) and/or arrangements with such contractor(s) and on such terms as *NP* sees fit in its absolute discretion acting in accordance with *Good Industry Practice* and that *BPCL* will bear all risks associated with such works.

11.3 In the event that *NP* considers that it can take actions that would allow *NP*, its contractors or sub-contractors or agents to continue with commissioning, reliability running or performance testing of the *CHP Scheme* on an *ARCA Day*, or on a day which *NP* considers on reasonable grounds will be an *ARCA Day*, *NP* may, subject

CM
MAG

to *BPCL's* consent such consent not to be unreasonably withheld or delayed, take such actions and *BPCL* will pay to *NP* fifty percent of the cost of such actions up to a maximum payment by *BPCL* of £10,000 per day of avoided delay.

11.4. In the event of an *ARCA Day* for which *NP* considers that it cannot take any actions which would enable *NP*, its contractors or sub-contractors or agents to continue with the commissioning, reliability running or performance testing of the *CHP Scheme*, or such actions would cost in excess of £20,000 per day, *NP* may, at its option, extend the term of this *Contract* by 3½ days for each such *ARCA Day*.

11.5 In the event that *BPCL* withholds or delays its consent, whether reasonably or not, as provided for in sub-clause 11.3 *NP* may, at its option, extend the term of this *Contract* by 7 days for each such *ARCA Day*.

11.6 In the event that *NP* elects to extend the term of this *Contract* by days provided for in sub-clauses 11.4 and 11.5 the term of this *Contract* will be extended by the sum of the days or extension provided for in sub-clauses 11.4 and 11.5 and such summation shall be rounded up to the nearest whole day.

11.7 If the sum of *BPCL*'s costs in sub-clause 11.3 is:

(a) no greater than £150,000 *NP* shall submit an invoice to *BPCL* for such costs within 60 days of the *CHP Phase Commencement Date* for payment by *BPCL* in accordance with the terms of this *Contract;* or

(b) greater than £150,000 *BPCL* may elect to either pay such sum against invoice within 60 days of the *CHP Phase Commencement Date* or to increase the base *Standing Charge* set out in sub-clause 9.9 by £12.50 for each £1,000 of *BPCL* payment due.

CM

MM

12. INSURANCE

12.1 Each *Party* shall be responsible for effecting such insurance as is required to cover its liability pursuant to Clause 23 provided, however, that each *Party* agrees that it will liaise and cooperate with the other with a view to obtaining optimum insurance cover which is beneficial in terms of cost and protection to each *Party*.

13. REPORTING

13.1 *BPCL* will use all reasonable endeavours to advise *NP* of all major planned maintenance outages of *BPCL's* plant at the *Premises* at least twelve months in advance of outage commencement dates. *BPCL* will use all reasonable endeavours to advise *NP* as soon as is reasonably practicable of any additional planned outages or any changes to planned outages.

13.2 *NP* will use all reasonable endeavours to advise *BPCL* of all major planned maintenance outages of the *CHP Scheme* at least twelve months in advance of outage commencement dates. *NP* will use all reasonable endeavours to advise *BPCL* as soon as is reasonably practicable of any additional planned outages or any changes to planned outages.

13.3 Both *Parties* will at all times use all reasonable endeavours to keep each other informed of any events whatsoever that may affect the operation or safety of the *CHP Scheme*.

13.4 The *Parties* shall promptly give notice to each other of any forced outage of their respective facilities which may impact on the supply or receipt of steam and/or electricity and shall include in such notice particulars of the cause thereof and, where possible, an estimate of its duration.

13.5 Subject to sub-clause 13.7 *BPCL* shall have right of access (as licensee only) to the *CHP Site* at its own sole risk and expense as may be reasonably necessary upon reasonable prior notice to *NP* and with the prior consent of *NP* (such consent not to

cM

MMB

be unreasonably withheld or delayed) provided that no such notice or consent shall be required where access is required in an emergency. The rights of access set out in this sub-clause 13.5 shall apply only to those employees a list of whom has been nominated by *BPCL* prior to such access being necessary.

13.6 Subject to sub-clause 13.7, during and throughout the *CHP Phase*, *NP* shall have such rights of access (as licensee only) to *BPCL's* Paper Mill at its own risk and expense as may be reasonably necessary for the performance of its obligations under this *Contract* upon reasonable prior notice to *BPCL* and with the prior consent of *BPCL* (such consent not to be unreasonably withheld or delayed) provided that no such notice or consent shall be required where access is required in an emergency. The rights of access set out in this sub-clause 13.6 shall apply only to those employees a list of whom has been nominated by *NP* prior to such access being necessary.

13.7 Where either *Party* exercises its rights under sub-clause 13.5 or 13.6, it shall:

(a) comply with all requirements of the *Applicable Laws* and safety requirements applicable to *BPCL's* Paper Mill or *CHP Site* (as appropriate);

(b) obey the reasonable instructions of and comply with reasonable conditions imposed by the other *Party* governing the exercise of such rights; and

(c) ensure that no disruption to the activity of the other *Party* is caused by the exercise of such rights.

13.8 The *Parties* agree to meet within 30 days of the *CHP Phase Commencement Date* and thereafter within 30 days of each *Steam Year* with a view to establishing and agreeing the number of days (or pro rata) by which the term of this *Contract* may be extended by *NP* pursuant to sub-clauses 9.22, 11.4, and 11.5. Any failure by the *Parties* to agree the same shall not affect the rights of the *Parties* respectively under this *Contract*.

CM

MAB

14. METERING

Electricity

14.1 The nominated metering points for the purpose of measuring electricity are as detailed in Schedule IV where:

(a) Q_1 is the import and export of electricity (kWh) from and to the *System* measured at metering point M_1;

(b) Q_2 is the import and export of electricity (kWh) from and to the *System* measured at metering point M_2;

(c) Q_3 is the electricity output (kWh) measured at metering point M_3;

(d) Q_4 is the electricity output (kWh) measured at metering point M_4;

14.2 The quantity of electricity supplied by *NP* to *BPCL* will be determined in accordance with the formula:

$$\boxed{\text{Quantity (kWh)} = Q_3 + Q_4 - Q_1 - Q_2}$$

where the measurement of export electricity at M_1 and M_2 is denoted as a positive value of Q_1 and Q_2 respectively and that of import electricity as a negative value, and when a positive value of Q_3 and/or Q_4 denotes a flow of electricity from the generators to the 33,000 volt switchboard and a negative value of Q_3 and/or Q_4 denotes a flow of electricity to the *CHP Scheme*.

14.3 Metering at the *Exit Point* measuring the import and export of electricity to the *System* will be subject to the conditions set out in Schedule III.

cm

MMB

14.4 Errors: if at any time *NP* or *BPCL* believes that the *Metering Equipment* is registering incorrectly, either *Party* may by giving 14 days notice require it to be tested. Tests shall be performed in accordance with *Good Industry Practice*. If the inaccuracy exceeds the limits of error specified in the *Pooling and Settlement Agreement* the *Metering Equipment* or any defective part shall be replaced or recalibrated and the cost of testing and rectification shall be paid by the owner of the *Metering Equipment* but if the *Metering Equipment* is found to be accurate within these limits, the cost of the tests shall be paid by the *Party* requesting them.

14.5 In the event that any or all of the *Metering Equipment* fails *BPCL* and *NP* shall agree within 30 days the quantity of electricity consumed by *BPCL*. Failure to agree will cause the dispute resolution provisions of Clause 20 to be applied.

Steam

14.6 The nominated metering points for the purpose of measuring the quantity of steam supplied by *NP* to *BPCL* are M_6, M_7, M_8, M_9 and M_{10} as detailed in Schedule IV.

Natural Gas

14.7 The nominated metering point for the purpose of measuring natural gas is M_{11} as detailed in Schedule IV.

Distillate Oil

14.8 The nominated metering point for the purpose of measuring distillate oil is M_{12} as detailed in Schedule IV.

Condensate

14.9 The nominated metering point for the purpose of measuring condensate is M_{13} as detailed in Schedule IV.

cn
MB

Errors

14.10 If at any time *NP* or *BPCL* believes that any meter (other than *Metering Equipment*) is registering incorrectly, either *Party* may by giving 14 days notice require it to be tested. Tests shall be performed in accordance with *Good Industry Practice*. If the inaccuracy exceeds the limits of error defined in the manufacturer's specification then that meter or any defective part thereof shall be replaced or recalibrated and the cost of testing and rectification shall be paid by the owner of the meter but if the meter is found to be accurate within these limits, the cost of the tests shall be paid by the *Party* requesting them.

14.11 In the event that any or all of the meters (other than *Metering Equipment*) fails *BPCL* and *NP* shall agree within 30 days the quantity of steam, natural gas or distillate oil supplied. Failure to agree will cause the dispute resolution provisions of Clause 20 to be applied.

14.12 *BPCL* shall be given access to all the metering information identified in this *Contract*. In addition *BPCL* shall have the right to attend all readings of *Metering Equipment* or other meters which may recorded on any invoice issued under Clause 10.

15. STATUTORY REQUIREMENTS

15.1 *NP* and *BPCL* will comply at all times with the requirements of the Health and Safety at Work etc. Act 1974 and all other *Applicable Laws*.

15.2 In the event that, as a result of any operating licence from time to time in force relating to the *CHP Scheme* or as a result of legislation (other than legislation applicable to any taxes referred to in sub-clauses 10.6(a) and (b), regulation or operating licence relating to the *Premises* which affects the *CHP Scheme*, *NP* is required to make additional capital investment *BPCL* will indemnify *NP* for ~~100 percent of the~~, in the case of an *Environmentally Related Capital Investment* or *Health and Safety Capital Investment*, that percentage determined in accordance with this sub-clause 15.2 of such expenditure. The percentage of the *Environmentally Related Capital Investment* or *Health and Safety Capital Investment* for which *NP* is to be indemnified is for such expenditure made during:

(a) the *Pre-CHP Phase* and the first year of the *CHP Phase*, zero percent;

(b) the fourteenth and any subsequent year of the *CHP Phase*, 100 percent; and

(c) the second to the thirteenth year, inclusive, of the *CHP Phase*, a percentage determined by linear interpolation between the percentage applicable to the first year of the *CHP Phase* and the percentage applicable to the fourteenth year of the *CHP Phase*.

15.3 Fifty percent of any cost incurred by *NP* in relation to the *CHP Scheme* subsequent to the signing of this *Contract* (other than any cost of capital investment provided for in sub-clause 15.2) resulting from changes in legislation, *EA* authorisations or other *Competent Authority* determination will be passed on to *BPCL* by way of revised charges.

15.4 One hundred percent of any capital investment which *NP* is required to make or any other cost it incurs resulting from any changed occupation or use of adjacent land will be passed on to *BPCL* by way of revised charges.

16. <u>COMMISSIONING</u>

16.1 Prior to commencement of the *CHP Phase BPCL* will provide *NP* with suitable supplies with a quality and condition in accordance with Schedule V and in such quantities as *NP* may reasonably require at the appropriate *Supply Points* for commissioning purposes. The supplies will be provided at no cost to *NP* and will include the following:

(a) 3,300 volt electricity supply to a maximum of 1,000 kVA;

cM

MAB

(b) condensate return; and

(c) bore hole N° 4 raw water for water treatment plant tests.

16.2 Prior to commencement of the *CHP Phase BPCL* at no cost to *NP* will receive foul sewage from the *CHP Scheme* and will dispose of effluents at the *Supply Point*.

16.3 Prior to commencement of the *CHP Phase NP* will provide *BPCL* with any usable steam from the *CHP Scheme*. *NP* will charge *BPCL* for such steam as follows:

(a) prior to the commencement of the first boiler reliability run any steam made available to *BPCL* will be free of charge; and

(b) during such reliability run and up to the *CHP Phase Commencement Date* the charge for usable steam made available to *BPCL* will be £5.00 per *Tonne of Steam*.

16.4 Prior to commencement of the *CHP Phase BPCL* may, within 5 *Business Days* of the end of the month during which *NP* first makes available to *BPCL* and *BPCL* first uses electricity generated by the *CHP Scheme*, elect to pay a price equal to either:

(a) 2.75 pence per kWh; or

(b) *Pool Selling Price* plus 0.3 pence per kWh

for all electricity used by *BPCL* which is generated from the *CHP Scheme* until the *CHP Phase Commencement Date*. Failure by *BPCL* to make an election pursuant to this sub-clause will result in *NP* charging 2.75 pence per kWh for all such electricity.

cM

MB

17. TERMINATION

17.1 Termination by *NP*: *NP* may by notice to *BPCL* forthwith terminate this *Contract* if:

(a) *BPCL's Connection Agreement* ceases to be in full force and effect and an equivalent *Connection Agreement* cannot be restored within 28 days; or

(b) *NP* ceases through no fault of its own to hold or be a party to any licence, agreement, approval or consent required by a *Competent Authority, NGC*, the *REC* or the *Pooling and Settlement Agreement* necessary to permit the *Supply* to be provided; or

(c) *BPCL* shall fail in any respect to perform or comply with any of the material obligations expressed to be assumed by it under this *Contract* and (if it is capable of remedy) it is not remedied to the reasonable satisfaction of *NP* within a period of 28 days of *BPCL* receiving written notice from *NP* of the occurrence thereof and requiring the same to be remedied; or

(d) *BPCL* forfeits, or takes any steps to forfeit, the *Lease* pursuant to the terms thereof.

17.2 Termination by *BPCL*: *BPCL* may by notice to *NP* forthwith terminate this *Contract* if:

(a) during the *CHP Phase, NP*, for any reason other than any specified in Paragraph 2 of Schedule III or Clause 18 of this *Contract:*

(i) fails for a continuous period of 28 days to provide the *Electricity Supply*; or

(ii) fails for periods aggregating 35 days in any period of three months to provide the *Electricity Supply*;

cH
MAB

provided that *BPCL* is physically capable of receiving the *Electricity Supply* or an equivalent supply of electricity from a third party; or

(b) during any *Steam Year*, *NP*, for any reason other than any specified in Clause 18 of this *Contract:*

(i) fails for a continuous period of 28 days to make steam available; or

(ii) fails for periods aggregating 35 days in any period of three months to make steam available; and

NP cannot demonstrate that it has acted in accordance with *Good Industry Practice* to resume the supply of steam;

(c) an arbitration pursuant to Clause 20 has determined that in any *Steam Year*, for a period of three consecutive months immediately prior to the service of the notice of termination:

(i) there has been a persistent and substantial failure by *NP* to provide an *Electricity Supply* or to make steam available; and

(ii) such failure could have been prevented by the exercise of *Good Industry Practice* by *NP*;

PROVIDED THAT no part of any period referred to in sub-clause 17.1(a) or 17.1(c) shall be included in the computation of any periods referred to in sub-clause 17.2 AND FURTHER PROVIDED THAT no part of any period during which *BPCL* does not require steam shall be included in the computation of any periods referred to in sub-clauses 17.2(b) and 17.2 (c).

17.3 Termination by either *Party*: either *Party* (the first *Party*) may by notice to the other *Party* forthwith terminate this *Contract* if:

CM
MAP

9 ← B&V

ABB

~~[illegible]~~

8 ← Thermatyn = no act.

(a) the other *Party* shall fail to pay (other than by inadvertent error in funds transmission which is discovered by the first *Party*, notified to the other *Party* and corrected within 5 *Business Days* thereafter) any amount properly due or owing from it pursuant to the terms of this *Contract* (save for any amounts remaining outstanding from an account which the other *Party* has given notice to the first *Party* pursuant to sub-clause 10.5 is disputed and provided that the other *Party* has paid the amount of such account which is not in dispute) and such default is unremedied at the expiry of the period of 20 *Business Days* immediately following receipt by the other *Party* of written notice from the first *Party* of such non-payment; or

(b) (i) an interim order or bankruptcy order is made in respect of the other *Party* under the Insolvency Act 1986 or a voluntary arrangement is proposed in respect of the other *Party*; or

(ii) an order is made or an effective resolution passed for the insolvent winding up or dissolution of the other *Party*; or

(iii) a receiver (which expression shall include an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of the assets or undertaking of the other *Party* is appointed; or

(iv) an administration order under Section 8 of the Insolvency Act 1986 is made or if a voluntary arrangement is proposed under Section 1 of the Insolvency Act in respect of the other *Party*; or

(v) the other *Party* enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the first *Party*; or

cM
mm

(vi) the other *Party* is unable to pay its debts (within the meaning of Section 123 (1) or (2) of the Insolvency Act 1986; or

unless in any such case, the trustee in bankruptcy, liquidator, receiver, administrative receiver, administrator, nominee or other similar officer provides the first *Party* a guarantee of future performance by the other *Party* of this *Contract* in such form and amount as the first *Party* may reasonably require.

17.4 Should *NP* terminate this *Contract* according to sub-clause 17.1(a), 17.1(c) or 17.3 *BPCL* shall pay to *NP* the *Transfer Charge* set out in accordance with sub-clause 9.11. In the event that termination takes place on a date other than an anniversary of the *CHP Phase Commencement Date*, the payment will be calculated by linear interpolation between the preceding and succeeding anniversaries of the *CHP Phase Commencement Date*.

17.5 Should *NP* terminate this *Contract* according to sub-clause 17.1(b) or 18.5 *BPCL* shall pay to *NP* the *No Fault Transfer Charge* set out in sub-clause 9.13. In the event that termination takes place on a date other than an anniversary of the *CHP Phase Commencement Date*, the payment will be calculated by linear interpolation between the preceding and succeeding anniversaries of the *CHP Phase Commencement Date*.

17.6 Should *BPCL* terminate this *Contract* according to sub-clause 18.4 *BPCL* shall pay to *NP* the *No Fault Transfer Charge* set out in sub-clause 9.13. In the event that title and ownership is transferred on a date other than an anniversary of the *CHP Phase Commencement Date*, the payment will be calculated by linear interpolation between the preceding and succeeding anniversaries of the *CHP Phase Commencement Date*.

17.7 Should *BPCL* terminate this *Contract* according to sub-clause 17.2 or 17.3 *BPCL* shall pay to *NP* the *Default Transfer Charge* set out in sub-clause 9.12. In the event that title and ownership is transferred on a date other than an anniversary of the *CHP Phase Commencement Date*, the payment will be calculated by linear interpolation

cR7
MAP

between the preceding and succeeding anniversaries of the *CHP Phase Commencement Date.*

17.8 Should *BPCL* terminate this *Contract* according to sub-clause 24.4 *BPCL* shall pay to *NP* the *No Fault Transfer Charge* set out in accordance with sub-clause 9.13. In the event that termination takes place on a date other than an anniversary of the *CHP Phase Commencement Date*, the payment will be calculated by linear interpolation between the preceding and succeeding anniversaries of the *CHP Phase Commencement Date.*

17.9 Should *BPCL* terminate this *Contract* according to sub-clause 17.2 *NP* shall reimburse *BPCL* for any *Standing Charge* which *BPCL* has paid to *NP* in relation to the period causing such termination.

17.10 Subject to and upon payment by *BPCL* to *NP* of the *Transfer Charge*, the *No Fault Transfer Charge* or the *Default Transfer Charge* as the case may be pursuant to sub-clauses 17.4 to 17.8, the provisions of sub-clauses 3.5(b) - (h) inclusive shall apply.

18. FORCE MAJEURE

18.1 *Force Majeure:* if either *Party* shall be unable to carry out any of its obligations under this *Contract* by reason of *Force Majeure* this *Contract* shall remain in effect but save as otherwise provided in this *Contract* both *Parties'* relevant obligations shall be suspended without liability for a period equal to that of the *Force Majeure* provided that:

(a) the suspension of performance is of no greater scope and of no longer duration than is required by the *Force Majeure;*

(b) no obligations of either *Party* that accrued before the *Force Majeure* causing the suspension of performance are excused as a result of the *Force Majeure;*

cM

MAB

(c) the non-performing *Party* uses all reasonable efforts to remedy its inability to perform; and

(d) the non-performing *Party* has at the earliest reasonable opportunity notified the other *Party* of the nature and expected duration of the *Force Majeure*.

18.2 In the event of *NP Force Majeure*, *BPCL's* obligation to pay the monthly *Standing Charge* shall be suspended for each full month of the duration of the *Force Majeure* and on a pro-rata basis for each part of a month.

18.3 In the event of *BPCL Force Majeure*, *BPCL's* obligation to pay the monthly *Standing Charge* shall not be suspended.

18.4 If an event of *NP Force Majeure* has continued for a continuous period of 24 months or more *BPCL* may by giving 14 days notice terminate this *Contract*.

18.5 If an event of *BPCL Force Majeure* has continued for a continuous period of 24 months or more *NP* may by giving 14 days notice terminate this *Contract*.

19. CONFIDENTIALITY

19.1 Undertaking: each *Party* hereby undertakes with the other *Party* that it shall preserve the confidentiality and secrecy of, and not directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes *Confidential Information* of the other *Party* except to the extent otherwise permitted by this *Contract* or with the prior consent in writing of the other *Party* or in the circumstances and to the extent set out in the *Pooling and Settlement Agreement*, the *Grid Code*, any *Distribution Code*, *the Master Connection and Use of System Agreement*, any *Use of System Agreement*, *Connection Agreement* or sub-clause 19.2.

19.2 Exceptions: the circumstances referred to in sub-clause 19.1 are:

(a) where the *Confidential Information* is in or subsequently enters the public domain other than by reason of the breach of the provisions of this clause or of any obligation of confidence owed by the recipient *Party* to the disclosing *Party;*

(b) where the *Confidential Information* was in the lawful possession of the recipient *Party* at the time of disclosure or is subsequently received by the recipient *Party* free of obligations of confidence to the disclosing *Party;*

(c) if the recipient *Party* is required or permitted to make disclosure of the *Confidential Information* to any person:

(i) in compliance with the duties of the recipient *Party* under the *Act* or any other requirement of a *Competent Authority;* or

(ii) in compliance with the conditions of the *Supplier's Licence* or any document referred to in the *Supplier's Licence* with which the recipient *Party* is directly or indirectly required to comply; or

(iii) in compliance with any other requirement of law; or

(iv) in response to a requirement of any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or

(v) pursuant to the arbitration rules of the Electricity Arbitration Association or pursuant to any judicial or other arbitral process or tribunal having jurisdiction in relation to the recipient *Party;* or

(d) where the *Confidential Information* is required to be furnished to any employees, directors, agents, consultants or professional advisors of the recipient *Party* who need to have access to such *Confidential Information* and who have been made fully aware of the recipient *Party's* obligations of confidence in relation thereto.

uM
MAP

19.3 Survival: notwithstanding any other provision of this *Contract* the provisions of this Clause 19 shall continue to bind a *Party* for a period of 5 years after its cessation as a *Party* for whatever reason.

20. DISPUTES RESOLUTION

20.1 Save where expressly stated in this *Contract* to the contrary and subject to any contrary provisions of the *Act* or any licence issued pursuant to the *Act* or the *Regulations* or the rights, powers, duties and obligations of the *Director* or the Secretary of State under the *Act*, any such licence or otherwise howsoever, any dispute or difference of whatever nature howsoever arising under, out of or in connection with this *Contract* between the *Parties* shall be and is hereby referred to arbitration pursuant to the arbitration rules of the Electricity Arbitration Association in force from time to time.

20.2 Whatever the nationality, residence or domicile of either *Party* and wherever the dispute or difference or any part thereof arose the law of England shall be the proper law of any reference to arbitration hereunder and in particular (but not so as to derogate from the generality of the foregoing) the provisions of the Arbitration Act 1996 apply to any such arbitration wherever the same or any part of it shall be conducted, subject to any permitted exception thereto in the rules of the Electricity Arbitration Association in force from time to time.

20.3 The *Parties* will use reasonable endeavours to work together to resolve any dispute or difference between them and to arrange a meeting between their respective directors before resorting to arbitration.

21. LAW

21.1 Law: this *Contract* shall be governed by, and construed in all respects in accordance with, the law of England and, subject and without prejudice to Clause 20, the *Parties* irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this *Contract*.

CM

MAB

21.2 Agent for service of process: each *Party* which is not incorporated in any part of England and Wales agrees that if it does not have, or shall cease to have, a place of business in England and Wales it will promptly appoint and shall at all times maintain a person in England and Wales to accept service of process on its behalf in any proceedings in England.

22. NOTICES

22.1 Addresses: save as otherwise expressly provided in this *Contract*, any notice or other communication (including an account submitted pursuant to Clause 10) to be given by either *Party* to the other under, or in connection with the matters contemplated by, this *Contract* shall be in writing and addressed to the recipient and sent to the address or facsimile number of such other *Party* given in Schedule VII or to such other address or facsimile number as such other *Party* may from time to time specify by notice given in accordance with this Clause 22.

22.2 Deemed receipt: save as otherwise expressly provided in this *Contract*, any notice or other communication to be given by either *Party* to the other *Party* under, or in connection with the matters contemplated by, this *Contract* shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (airmail if overseas) or facsimile, and shall be deemed to have been received:

(a) in the case of delivery by hand, when delivered; or

(b) in the case of first class prepaid post, on the second *Business Day* following the day of posting or, if sent airmail from overseas, on the fifth *Business Day* following the day of posting; or

(c) in the case of facsimile, on acknowledgement by the addressee's facsimile receiving equipment on any *Business Day* (where such acknowledgement occurs before 1700 hours on the day of acknowledgement) and in any other

CM
MAB

case at 0900 hours on the first *Business Day* following the day of acknowledgement.

23. LIABILITY

23.1 Without prejudice to the express rights and remedies conferred by this *Contract*:

(a) Wilful Damage: each *Party* shall be liable to the other for any physical loss or damage to the property of the other as a result of any wilful damage caused by that *Party*.

(b) Direct Loss: each *Party* shall be liable to the other for any physical loss or damage to the property of the other resulting directly from any negligent act or omission by that *Party* or any breach of this *Contract* which loss at the date of this *Contract* was reasonably foreseeable as likely to result in the ordinary course of events from such breach PROVIDED THAT the liability of a *Party* to the other in respect of claims for such loss arising in any one year shall not exceed £10,000,000.

23.2 REC: if and to the extent that *NP* is able to recover and does so recover from the *REC* pursuant to the provisions of a *Use of System Agreement* in respect of loss suffered by *BPCL*, *NP* shall indemnify *BPCL* against such loss to the extent of the sum recovered less any reasonable costs and expenses suffered or incurred by *NP* in effecting recovery.

23.3 Exclusion of certain types of loss: subject to sub-clause 23.5, neither *Party*, or any of its officers or employees shall in any circumstances whatsoever be liable to the other for any loss arising from any breach of this *Contract* save as provided in sub-clause 23.1, or for any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill, or for any indirect or consequential loss, or for any loss resulting from loss or corruption of or damage to any data stored electronically and/or computer software, or for loss resulting from the liability of the other *Party* to any other person howsoever and whensoever arising.

CH
MAB

23.4 Remedies not cumulative: the rights and remedies provided by this *Contract* are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this *Contract*, including any rights a *Party* may possess in tort which shall include actions brought in negligence and/or nuisance. Accordingly, each *Party* hereby waives to the fullest extent possible all such rights and remedies provided by common law or statute, and releases the other to the same extent from all duties, liabilities, responsibilities or obligations provided by common law or statute in respect of the matters dealt with in this *Contract* and undertakes not to enforce any of the same except as expressly provided herein.

23.5 Saving for regulatory and other matters: nothing in this Clause 23 shall exclude or restrict or otherwise prejudice or affect:

(a) any of the rights, powers, duties and obligations of either *Party* which are conferred or created by the *Act, Supplier's Licence*, or the *Regulations;* or

(b) any of the rights, powers, duties and obligations of the *Director* or the Secretary of State under the *Act, Supplier's Licence* or otherwise howsoever; or

(c) any liability in respect of death or personal injury resulting from the negligence of a *Party*.

23.6 Survival: each of the sub-clauses of this Clause 23 shall:

(a) survive termination of this *Contract;* and

(b) insofar as it excludes or limits liability, override any other provision in this *Contract*, save as expressly provided in this *Contract*.

CM
MAB

23.7 Trust: each *Party* agrees that the other holds the benefit of sub-clauses 23.1 and 23.3 for itself and as trustee and agent for its officers, employees, agents and sub-contractors.

23.8 Saving: for the avoidance of doubt, nothing in Clause 23 shall prevent or restrict either *Party* enforcing any obligation (including suing for a debt) owed to it under or pursuant to this *Contract*.

24. MISCELLANEOUS PROVISIONS

24.1 Waivers: no delay by or omission of either *Party* in exercising any right, power, privilege or remedy under this *Contract* or the *Grid Code* or any *Distribution Code* shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of any such right, power, privilege or remedy shall not preclude any other future exercise thereof or the exercise of any other right, power, privilege or remedy.

24.2 Entire agreement: this *Contract* contains or expressly refers to the entire agreement between the *Parties* with respect to its subject matter and supersedes all previous agreements and understandings between the *Parties* with respect thereto and each of the *Parties* acknowledges and confirms that it does not enter into this *Contract* in reliance upon any representation or warranty or other undertaking not fully reflected in the terms of this *Contract* and neither of the *Parties* shall have any liabilities in respect of representation, warranty or other undertaking made prior to the date hereof unless such representation, warranty or other undertaking was made fraudulently.

24.3 Saving: The *Parties* agree that should any provision of this *Contract* be held to be invalid or unenforceable then they shall forthwith enter into good faith negotiations to amend such provision in such a way that, as amended, it is valid and legal and to the maximum extent possible carries out the original intent of the *Parties* as to the point or points in question.

CM

MAB

24.4 Variations: no variations to this *Contract* shall be effective unless made in writing and signed by or on behalf of both *Parties*. Either:

(a) *NP* and *BPCL* shall effect any amendment required to be made to this *Contract* as a result of any change in the *Supplier's Licence* or any order made pursuant to the *Act* or as a result of any direction of the Secretary of State pursuant to the *Pooling and Settlement Agreement* or as a result of the *Director* settling any variations of the terms of the *Master Connection and Use of System Agreement*, any *Use of System Agreement* or any *Connection Agreement;* or

(b) if changing this *Contract* would have a material adverse effect on *BPCL*, *BPCL* may elect to terminate this *Contract* under the provisions of sub-clause 17.8 upon *BPCL's* payment of the *No Fault Transfer Charge*.

24.5 Assignment: Neither *Party* may assign, novate or otherwise transfer any or all of its rights and obligations under this *Contract* without the consent of the other *Party*, such consent not to be unreasonably withheld or delayed, PROVIDED HOWEVER THAT *BPCL* hereby consents to *NP* assigning, novating or otherwise transferring any or all of its rights and/or obligations under this *Contract* at any time to National Power (Cogeneration) Limited not later than 6 months after the *CHP Phase Commencement Date* or to the holding company of National Power (Cogeneration) Limited subject to *NP* giving *BPCL* not less than 21 days prior notice AND PROVIDED THAT in the event of an assignment, novation or other transfer to National Power (Cogeneration) Limited under the consent hereby granted, National Power PLC shall not, for the duration of any National Power (Cogeneration) Limited obligations to *BPCL* under this *Contract*, relinquish control of National Power (Cogeneration) Limited without the consent of *BPCL*, such consent not to be unreasonably withheld or delayed.

24.6 Sub-contracting: a *Party* shall have the right to sub-contract or delegate the performance of any of its obligations or duties arising under this *Contract* without the prior consent of the other. The sub-contracting by a *Party* of the performance of any

cn
MAB

obligations or duties under this *Contract* shall not relieve that *Party* from liability for performance of such obligation or duty.

24.7 Survival of rights on termination: termination of this *Contract* shall not affect any rights or obligations which may have accrued prior to such termination, shall not affect continuing obligations of each of the *Parties* under this *Contract* and without prejudice to the generality of the foregoing, the provisions of Clause 23 shall survive the expiry or termination of this *Contract* howsoever caused, and shall continue thereafter in full force and effect.

24.8 Transfer of Undertaking: *NP* shall ensure that all employees working on the *CHP Scheme* shall be engaged on terms and conditions of employment (including without limit salary, benefits and redundancy terms) which are no more favourable than the terms of employment offered by *NP* to its other employees fulfilling like jobs. In the event that *BPCL* has given notice requiring *NP* to sell the *CHP Scheme* to an *Affiliate* or *NP* has required it to pay the *Transfer Charge* or *No Fault Transfer Charge* under this *Contract*, *NP* shall forthwith notify *BPCL* of the terms of employment of the Employees (as defined in Schedule XI) including without limit providing copies of each contract of employment (save for personal details for which Employees' consents are required) and in the event that *BPCL* has given notice requiring *NP* to sell the *CHP Scheme* to an *Affiliate*, *NP* shall make no change to the terms of employment of the Employees without the prior written consent of *BPCL* which consent shall not be unreasonably withheld or delayed.

24.9 For so long as the provision to *BPCL* of the *Electricity Supply* under the terms of this *Contract* is such that the generation or the supply of the *Electricity Supply* does not require to be licensed under Section 6 of the *Act* by virtue of any class exemption granted pursuant to the *Act*, the following provisions shall apply:

(a) in the event of *NP* or its successor or assignee being licensed to supply electricity under the *Act*, *NP* shall not be entitled to recover from *BPCL* any *Fossil Fuel Levy* or any similar levy made upon the supply of electricity which would not have been payable in the absence of *NP* or its successor or assignee

CM

MAP

being so licensed and *NP* shall indemnify *BPCL* against the cost of any such levy made upon it, by virtue of *NP* or its successor or assignee being so licensed.

(b) *NP* shall indemnify *BPCL* against any cost, loss or expense reasonably incurred by it by virtue of its obligation to comply with any provisions of this *Contract* (including the provisions of sub-clause 24.4) which in the absence of *NP* being licensed to generate or supply electricity as the case may be would not have caused *BPCL* such cost, loss or expense.

Signed by ....

(Title)......Cogen Operations Manager......

For NATIONAL POWER PLC

Signed by ....

(Title)......Finance Director......

For BRIDGEWATER PAPER COMPANY LIMITED

CM

MAP

SCHEDULE I(a) - MAJOR CAPITAL ITEMS

The following lists the major capital items comprising the *CHP Scheme*:

(a) Frame 6 gas turbine generator set and auxiliaries;

(b) supplementary/auxiliary fired waste heat boiler, auxiliary systems, drains, silencer and ducting;

(c) multi-flue exhaust stack;

(d) back pressure/extraction steam turbine;

(e) stand-by boiler plant;

(f) feedpumps, feedwater and steam pipework and valves within the *Terminal Points* specified in Schedule II;

(g) LV electrical equipment, cabling and auxiliary equipment within the *Terminal Points* specified in Schedule II;

(h) natural gas supply pipework connecting to the BG plc (TransCo) National Transmission System at Shotwick and Above Ground Installation (AGI) as per the route set out in Exhibit A attached to this Schedule including filters, condensate separators, regulating valves and associated equipment;

(i) water treatment plant including water and chemical storage;

(j) fire protection and fire and gas detection equipment;

(k) control and instrumentation;

(l) dump condenser

CM
MAB

(m) **Pressure Reducing and De-superheating Station; and**

(n) **civil works where necessary in relation to all of the above.**

CM
MAP

(m) Pressuro Reducing and De-superheating Station; and

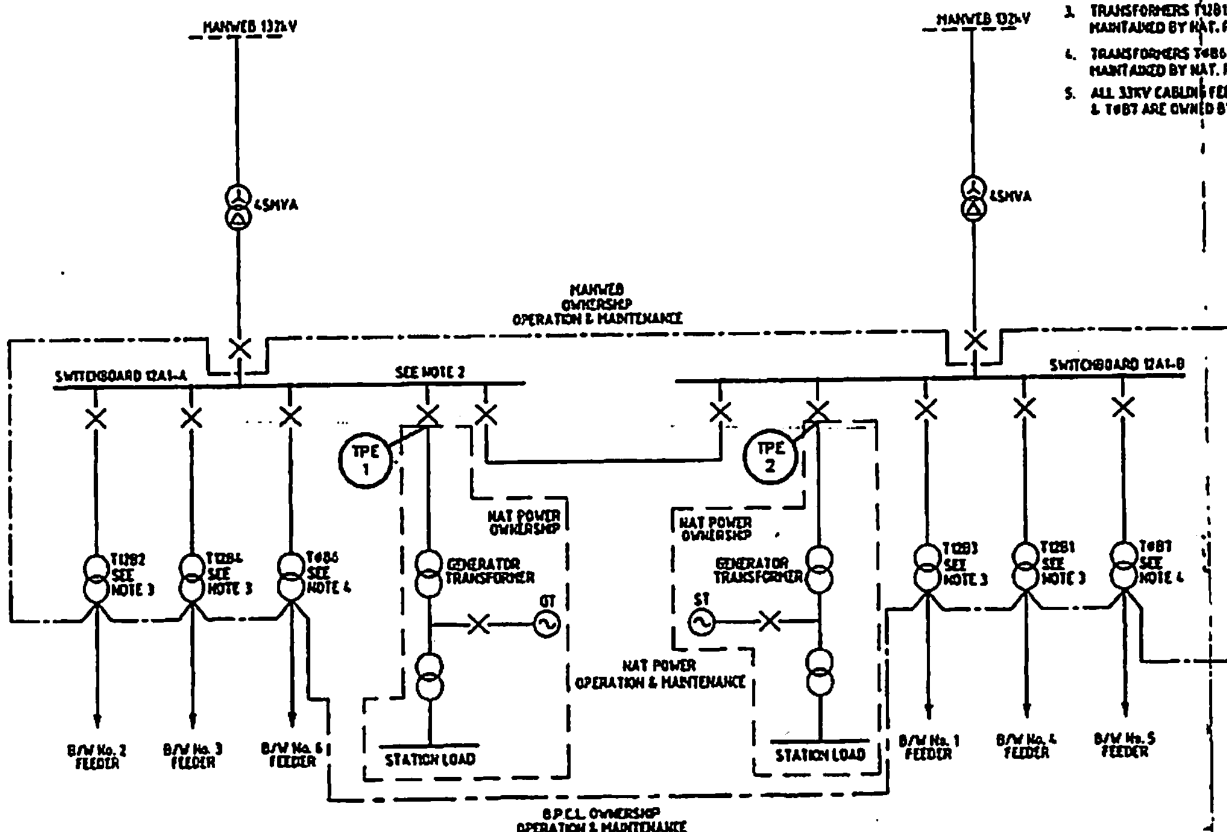
(n) civil works where necessary in relation to all of the above.

cM

MAD

Route Selection

Exhibit A



NOTES

1. CONTRACT TERMINAL POINTS TPE1 & TPE2
2. 33KV SWITCHBOARDS 12A1 A & B OWNED BY B.P.C.L. - OPERATED & MAINTAINED BY NAT. POWER
3. TRANSFORMERS T12B1, B2, B3 & B4 OWNED BY B.P.C.L. - OPERATED & MAINTAINED BY NAT. POWER
4. TRANSFORMERS T0B6 & T0B7 OWNED, OPERATED & MAINTAINED BY NAT. POWER
5. ALL 33KV CABLING FEEDING 6 B.P.C.L. TRANSFORMERS T12B1-B4, T0B6 & T0B7 ARE OWNED BY B.P.C.L.-OPERATED & MAINTAINED BY NAT. POWER

REV	REVIEW STATUS & REVISIONS	DRN	CHK	ENG REVIEWED	REQ'R	DATE
0	UPDATED TO NATIONAL POWER REQUIREMENTS	E.W.	E.W.	J.A.H.	J.A.H.	27.7.98
-	FOR MILL REVIEW	TRANSMITTAL No				NOT ISSUED
0.1	FOR INTERNAL REVIEW	E.W.	E.W.	J.A.H.	J.A.H.	27.7.98

SCALE N/A

RA No 9715

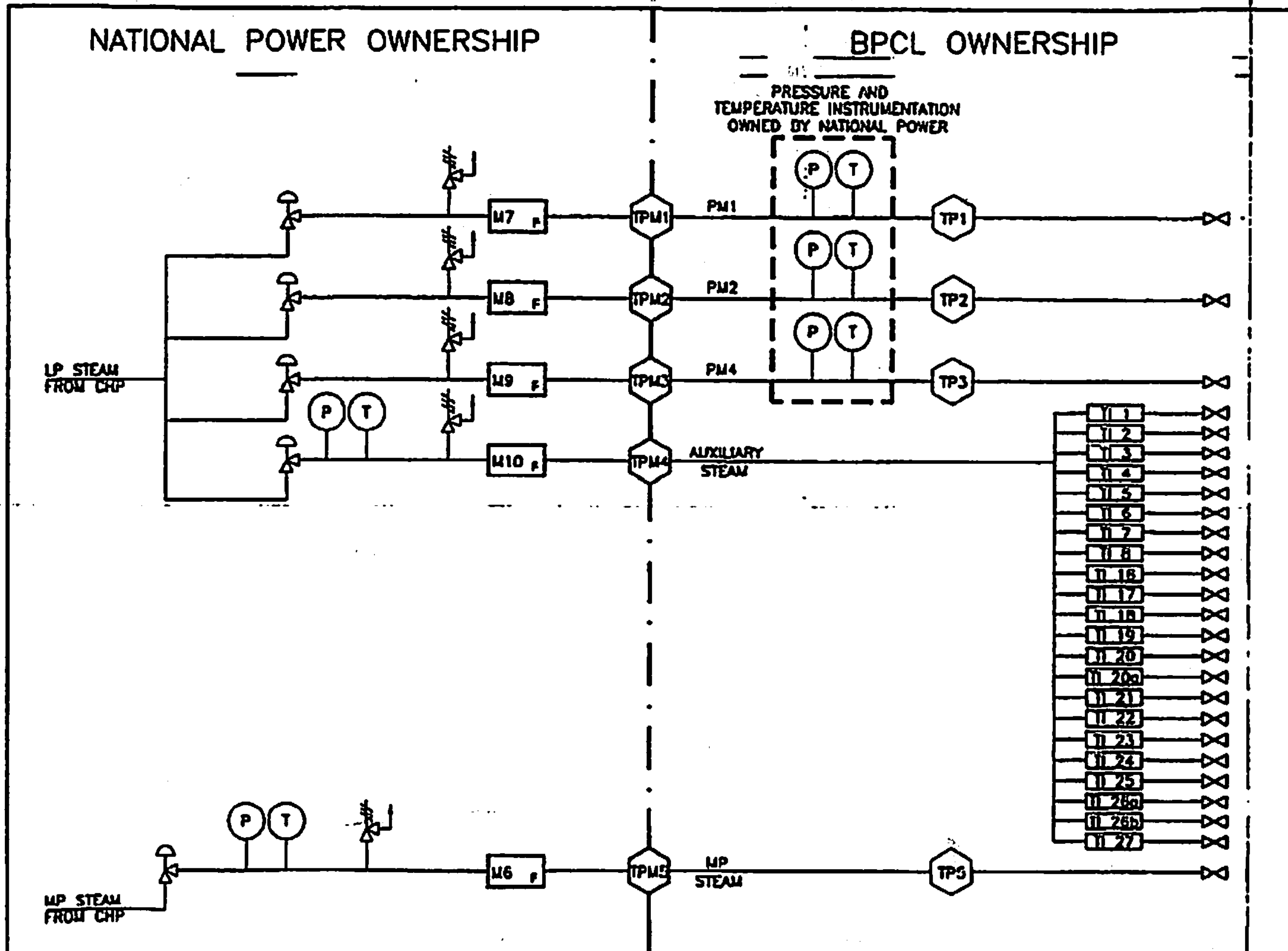
W/O No

TITLE

CHP PLANT
PROPOSED ELECTRICAL
CONTRACT TERMINAL POINTS
AND OWNERSHIP

ABITIBI CONSOLIDATED
BRIDGEWATER PAPER COMPANY LTD.
North Road, Ellesmere Port, South Wirral, UK, L65 1AF.
Tel. 0151 357 6202/ Fax. 0151 357 6435

MOTOR No.	SIZE	SYSTEM	AREA	NUMBER	SHT.	PLANT	GROUP	REV.
.	A3	12.2	CHP	12	1 OF 3	.	.	0



NOTE 1
PM1 STEAM QUALITY DELIVERY POINT IS AT TP1
PM2 STEAM QUALITY DELIVERY POINT IS AT TP2
PM4 STEAM QUALITY DELIVERY POINT IS AT TP3
AUXILIARY STEAM QUALITY DELIVERY POINT IS AT PRDS OUTLET
MP STEAM QUALITY DELIVERY POINT IS AT PRDS OUTLET

NOTE 2
QUALITY REPRESENTS PRESSURE AND TEMPERATURE

LEGEND
F FLOW METER
P PRESSURE INSTRUMENTATION
T TEMP. INSTRUMENTATION
PRDS
SAFETY RELIEF VALVE

LEGEND FOR CONTRACTORS
TPM4 OWNERSHIP POINT
TP1 TIE-IN POINT
M* F METERAGE

REV	REVIEW STATUS & REVISIONS	DRN	CHK	ENG REVIEWED	REQ'R	DATE
2	UPDATED TO NATIONAL POWER REQUIREMENTS	LP	ADH	BAJG	BAJG	23/7/98
1	UPDATED	LP	ADH	BAJG	BAJG	20/7/98
0	FOR INFORMATION	LP	ADH	CC	CC	3/7/98
–	FOR MILL REVIEW	TRANSMITTAL No : NOT ISSUED				
0.2	FOR INTERNAL REVIEW	LP	ADH	CC	CC	3/7/98

SCALE NTS
RA No 9715
W/O No

TITLE
CHP STEAM SCHEMATIC
OWNERSHIP DETAILS

ABITIBI CONSOLIDATED
BRIDGEWATER PAPER COMPANY LTD.
North Road, Ellesmere Port, South Wirral, U.K. L65 1AF.
Tel. 0151 357 6300/ Fax. 0151 357 6435.

MOTOR No.	SIZE	SYSTEM	AREA	NUMBER	SHT. OF	PLANT	GROUP	REV.
.	A3	12.1	.	271	.	10	18	2

CP1

SCHEDULE I(b) - ITEMS TO BE REMOVED

(a) Frame 6 gas turbine generator set and auxiliaries;

(b) supplementary/auxiliary fired waste heat boiler, auxiliary systems, drains, silencer and ducting;

(c) multi-flue exhaust stack;

(d) back pressure/extraction steam turbine;

(e) stand-by boiler plant;

(f) feedpumps, feedwater and steam pipework and valves within the *Terminal Points* specified in Schedule II;

(g) Gas Above Ground Installation (AGI);

(h) water treatment plant including water and chemical storage;

(i) fire protection and fire and gas detection equipment;

(j) dump condenser;

(k) Pressure Reducing and De-superheating Station; and

(l) control and instrumentation.

CM

SCHEDULE II - TERMINAL POINTS

The *Terminal Points* as follows:

(a) **Electricity (as shown on drawing A3/12.2/CHP/12 sheet 1 of 3)**

(i) TPE1: at terminals of 33,000 volt circuit breaker on the Gas Turbine Generator circuit.

(ii) TPE2: at terminals of 33,000 volt circuit breaker on the Steam Turbine Generator circuit.

(iii) 3,300 volts: at the existing spare 3,300V breaker in the BPCL substation.

(b) **Control, Protection and Metering:**

(i) The connections of all new wiring and signals on to existing terminals; appropriate to the operations and control of both the CHP plant and the paper mill.

(c) **Mechanical:**

As shown on drawing A3/12.1/271

(i) Medium Pressure Steam:

TPM5: at the outlet flange of steam meter M_6 in the medium pressure steam line

(ii) Low Pressure Steam:

TPM1: Low Pressure PM1 steam line: at the outlet flange of the steam meter M_7

CM
MAB

TPM2: Low Pressure PM2 steam line: at the outlet flange of the steam meter M_8

TPM3: Low Pressure PM4 steam line: at the outlet flange of the steam meter M_9

TPM4: Low Pressure Auxiliary steam line: at the outlet flange of the steam meter M_{10}

(iii) Condensate Return:

At outlet from *BPCL*'s new condensate return tank

(iv) Foul Drains:

Adjacent to plot boundary, into existing *BPCL* sewer.

(v) Bore Hole No. 4 raw water:

At a connection adjacent to *BPCL*'s new condensate return tank.

(vi) De Ha Connection

On the LP Steam line between CHP system and Pressure Reducing and De-superheating Station.

cM
MAB

SCHEDULE III - ELECTRICITY

For the purposes of the following conditions:

(a) The system of supply is: 33,000 volts.

(b) The electrical characteristics of the *Electricity Supply* are: normally 3 phase alternating current at a nominal frequency of 50 Hertz.

1. CONDITIONS

1.1 Conditions: the obligations of *NP* to provide the *Electricity Supply* during the term of this *Contract* to the *Exit Point* are conditional upon satisfaction of each of the following conditions relating to the *Exit Point:*

(a) all notifications pursuant to the requirements of the *Pooling and Settlement Agreement* and the *Use of System Agreement* to permit the commencement of *Electricity Supply* having been given;

(b) there being a subsisting *Connection Agreement* in relation to the *Exit Point* that allows the *Exit Point* to be connected to a *System* and energised; and

(c) *NP* and the supplier of standby and top-up electricity to *NP* in relation to the *Premises* having all licences or authorisations required pursuant to the *Act* and any necessary *Use of System Agreement* to enable *NP* to provide the *Electricity Supply* to the *Premises* during the term of this *Contract*.

1.2 Satisfaction of Conditions: The *Parties* undertake to use all reasonable endeavours to ensure the satisfaction of the aforesaid conditions in relation to the *Exit Point*. Each *Party* shall, when any of such conditions which fall to be secured by it have first been satisfied, or if such *Party* becomes aware that any condition has ceased or is likely to cease to be satisfied in relation to the *Exit Point*, notify the other forthwith.

CPI
MAP

2. CONDITIONS OF SUPPLY

2.1 Limitation of demand: *BPCL* is reminded of the restrictions on exceeding the *Maximum Capacity* set out in the *Connection Agreement*; accordingly *BPCL* shall not at any time take electricity at the *Exit Point* exceeding the applicable *Maximum Capacity* and *NP* shall have no obligation to provide the *Electricity Supply* to the extent that the *Maximum Capacity* is exceeded.

2.2 Frequency and Voltage: *NP* will take all reasonable such steps as are required by *Good Industry Practice* to procure that any variations to tolerances of electricity are limited to those permitted by the *Regulations* but cannot and does not guarantee that the *Electricity Supply* will be free from temporary variations in voltage or frequency or voltage pulses or harmonic frequencies.

3. CONNECTION

3.1 *BPCL's* undertaking: *BPCL* confirms to and undertakes with *NP* that *BPCL* will, at all times during the term of this *Contract*, be a party to and duly perform its obligations under the *Connection Agreement* and, to the extent applicable to *BPCL*, the *Regulations*, the *Grid Code* and the *Distribution Code*.

3.2 Assistance and Information: each *Party* undertakes with the other that it will at all times during the term of this *Contract* provide the other promptly with all assistance and information reasonably requested by the other to enable the other to comply with its respective obligations under the *Grid Code*, any *Distribution Code*, the *Master Connection and Use of System Agreement*, each *Use of System Agreement*, the *Pooling and Settlement Agreement*, any *Connection Agreement*, the *Regulations* and *Supplier's Licence*, insofar as such obligations affect or relate or refer to the other *Party* or to the other *Party's* business or operations (including the *Premises*, all *Use of System Metering*, *BPCL's Demand* and the *Exit Point)*.

3.3 *De-Energisation*: *BPCL* shall promptly notify *NP* of the date and time at which any *De-Energisation* or *Energisation* of the *Exit Point* is effected.

CM
MB

4. <u>METERING</u>

4.1 *BPCL* shall at all times permit *NP* (or the *Meter Operator* appointed by *NP*) to install, repair, maintain and renew *Metering Equipment* on the *Premises*, allow safe and unobstructed access to such equipment, refrain from interfering with such equipment and the connections to such equipment and shall reimburse *NP's* reasonable costs in respect of any additional or non-standard equipment or facilities provided at the request of *BPCL*.

4.2 *Use of System Metering: BPCL* shall at all times permit the *REC* to install such *Use of System Metering* as may be required by that *REC* on the *Premises*, shall allow access to such *Use of System Metering* and shall refrain from interfering with such *Use of System Metering*.

4.3 Certification: pursuant to paragraph 2 (2) of Schedule 7 to the *Act* the *Parties* agree that the requirements of paragraph 2 (1) (b) of that Schedule to the *Act* be dispensed with and, accordingly, the *Metering Equipment* need not be certified under paragraph 5 of that Schedule to the *Act*.

cM
MAB

SCHEDULE IV - METERING AND SUPPLY POINTS

1. The metering points for measuring the quantity of a supply in accordance with Clause 14 are as follows:

   (a) Electricity

   The electricity metering is shown in drawing A3/12.2/CHP/12 sheet 3 of 3 and defined as;

   M_1 at the *Exit Point* (both export and import readings)

   M_2 at the *Exit Point* (both export and import readings)

   M_3 at the HV (33,000 volt) side of the gas turbine generator 33,000/11,000 volt transformer (both export and import readings)

   M_4 at the HV (33,000 volt) side of the steam turbine generator 33,000/11,000 volt transformer (both export and import readings)

   (b) Steam

   The steam flow metering is as shown on drawing A3/12.1/271 and defined as

   Medium Pressure Steam flow:

   M_6 within 10 metres of the downstream outlet of the Pressure Reducing and De-superheating Station on the medium pressure line

CH

MAB

2. The *Supply Points* are as follows:

(a) Electricity

At the metering points outlined in Paragraph 1(a) of this Schedule IV.

(b) Steam

Medium Pressure Steam:

At the medium pressure steam metering point outlined in Paragraph 1(b) of this Schedule IV.

Low Pressure Steam:

At the low pressure steam metering points outlined in Paragraph 1(b) of this Schedule IV.

(c) Condensate

At the metering point outlined in Paragraph 1(c) of this Schedule IV.

(d) Distillate Oil

At the metering point in Paragraph 1(d) of this Schedule IV.

(e) Commissioning Supplies (Refer to Clause 16)

Electricity (3,300 volts)

At the existing spare 3,300 volt breaker in *BPCL* sub-station.

CM
MAB

SCHEDULE V - QUALITY AND CONDITIONS OF SUPPLIES

Medium Pressure Steam

Temperature:	180°C ± 5 °C
Pressure:	7 barg ± 0.2 barg

measured adjacent to the medium pressure steam metering point M_6

Low Pressure Steam (PM1, PM2 and PM4)

Temperature:	144°C ± 5°C
Pressure:	2.0 barg ± 0.1 barg

Provided that:

(i) upon 3 months prior written notice being given by *BPCL* to *NP*, *NP* will increase the pressure, and temperature on the low pressure PM1 steam line to 2.5 barg ±0.1 barg and 149°C ± 5°C; and

(ii) upon 3 months prior written notice being given by *BPCL* to *NP*, *NP* will increase the pressure and temperature on the low pressure PM2 steam line to 2.5 barg ± 0.1 barg and 149°C ± 5 °C.

measured at points within the paper mill building at a suitable tie-in point adjacent to the paper machines

Low Pressure Steam (Auxiliary)

Temperature:	144°C ± 5°C
Pressure:	2.0 barg ± 0.3 barg

measured adjacent to the low pressure steam metering point M_{10}

OM
MAB

Low Pressure Steam flow:

M_7 within 10 metres of the downstream outlet of the Pressure Reducing and De-superheating Station on the low pressure PM1 steam line

M_8 within 10 metres of the downstream outlet of the Pressure Reducing and De-superheating Station on the low pressure PM2 steam line

M_9 within 10 metres of the downstream outlet of the Pressure Reducing and Desuperheating Station on the low pressure PM4 steam line

M_{10} within 10 metres of the downstream outlet of the Pressure Reducing and De-superheating Station on the low pressure auxiliary steam line

(c) Natural Gas

M_{11} at the new natural gas Above Ground Installation

(d) Distillate Oil

M_{12} at the outlet from the new distillate storage tank

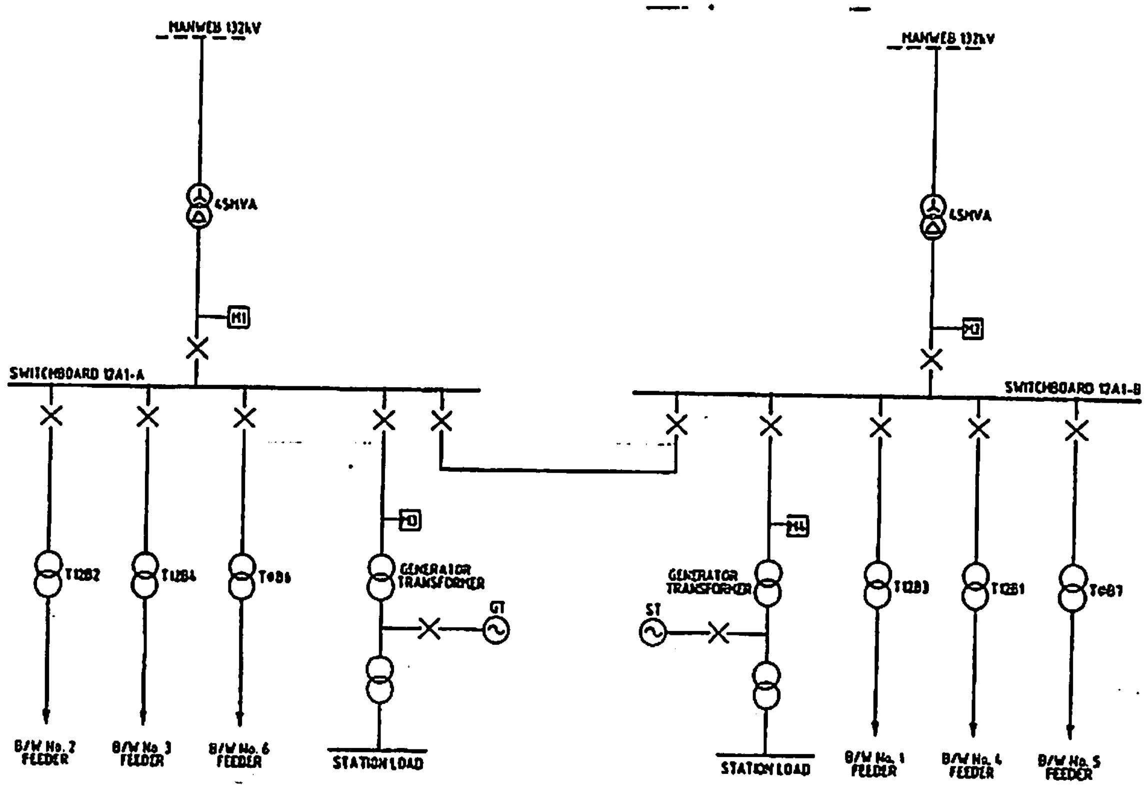
(e) Condensate

M_{13} on the line from *BPCL*'s new condensate tank to the water treatment plant.

cM
MAB

NOTES

1. METERING POINTS M1, M2 MANWEB CONNECTIONS
M3, M4 GENERATOR OUTPUTS



REV	REVIEW STATUS & REVISIONS	DRN	CHK	ENG REQ'R	REVIEWED	DATE
0	UPDATED TO NATIONAL POWER REQUIREMENTS	E.W.	E.W.	J.A.H.	J.A.H.	27.7.98
-	FOR MILL REVIEW	TRANSMITTAL No				NOT ISSUED
0.1	FOR INTERNAL REVIEW	E.W.	E.W.	J.A.H.	J.A.H.	27.7.98

SCALE N/A

RA No 9715

W/O No .

TITLE

CHP PLANT
PROPOSED ELECTRICAL
METERING POINTS

ABITIBI CONSOLIDATED
BRIDGEWATER PAPER COMPANY LTD.
North Road, Ellesmere Port, South Wirral, U.K. L65 1AF. Tel. 0151 357 0202 / Fax. 0151 357 6435.

MOTOR No.	SIZE	SYSTEM	AREA	NUMBER	SHT.	PLANT	GROUP	REV.
.	A3	12.2	CHP	12	3 OF 3	.	.	0

87

Condensate

The quality of each of *BPCL*'s condensate returns to *BPCL*'s new Condensate Return tank shall not exceed;

Conductivity (μs/cm): 20 maximum

The silica content at *BPCL*'s condensate return shall not exceed 0.05 mg/l provided however that the silica content of the steam provided by *NP* does not exceed 0.05 mg/l.

Bore Hole No. 4 Raw Water

Specified as mg $CaCO_3$ / litre equivalents other than for pH and Conductivity)

pH:	7.5
Conductivity:	830 maximum
Total Hardness:	415 maximum
Hardness:	250 maximum
Alkalinity:	290 maximum
Chloride:	190 maximum
Sulphate:	42 maximum
Nitrate:	12 maximum
Silica:	12 maximum

The above analysis is typical for this water, but may vary significantly with time. In the event that borehole water is required and the analysis results in a reduced output from the Water Treatment Plant, *BPCL* will pay agreed costs of temporary plant to make up to the mill site requirements.

eM
MP9

SCHEDULE VI - ENABLING WORKS

BPCL will be responsible for the completion of each of the following duties to the reasonable satisfaction of *NP* by the date applicable to it or otherwise by such date as reasonably required by *NP* at no cost to *NP* unless otherwise stated:

(a) installing new tie-ins to *BPCL's* existing system and managing the installation of the steam system modifications specified in Schedule X and the management of the Manweb works agreement (excluding the 132kV cable trenching work).

(b) installing the new condensate return system and tank by 1 April 1999;

(c) installing the new connection to the bore hole N°4 raw water supply and providing a connection for *NP* at the bore hole N°. 4 raw water *Terminal Point* by 1 April 1999;

(d) undertaking any work to *BPCL's* electrical system which may be required as a result of the installation of the *CHP Scheme*, ensuring that all electrical equipment is suitable for its intended duty use during the *CHP Phase* and confirming such suitability to *NP* prior to the connection of the *CHP Scheme* to *BPCL's* electrical system;

(e) providing and maintaining safe and isolated plant and working conditions to allow the necessary construction work to proceed.

efl
mab

SCHEDULE VII - ADDRESSES

BPCL:

Bridgewater Paper Company Limited
North Road
Ellesmere Port
South Wirral
Cheshire
L65 1AF

Attention	:	Mr M Bookbinder
Facsimile	:	0151 357 6435

NP:

National Power PLC
Centre Court
1301 Stratford Road
Hall Green
Birmingham
B28 9HH

Attention	:	Operations Manager
Facsimile	:	0121 702 1031

eM
MAB

SCHEDULE VIII - LEASE

CPT
MAD

DATED 1998

(1) BRIDGEWATER PAPER COMPANY LIMITED

- to -

(2) NATIONAL POWER PLC

LEASE
of Plant Site for a
Combined Heat and Power Plant
at North Road Ellesmere Port Cheshire

Nabarro Nathanson
50 Stratton Street
London W1X 6NX

Tel: 0171 493 9933
JK/THS/B3185/1

INDEX

Clause Headings

eM
MAB

1. DEFINITIONS AND INTERPRETATION
2. DEMISE
3. TENANT'S COVENANTS
   3.1 Rent
   3.2 VAT
   3.3 User
   3.4 Notices
   3.5 Alienation
   3.6 To Permit Entry
   3.7 Alterations
   3.8 Yielding Up
   3.9 Costs
   3.10 Nuisance
   3.11 Planning Law
   3.12 Title Covenants and Stipulations
4. LANDLORD'S COVENANTS
   Quiet Enjoyment
5. PROVISOS AND AGREEMENTS AND DECLARATIONS
   5.1 Forfeiture
   5.2 No Implied Rights
   5.3 Representations
   5.4 Notices
   5.5 Landlord and Tenant Act 1954
   5.6 Termination
   5.7 Miscellaneous
   5.8 Limitations on damage
   5.9 Severability

SCHEDULE

PART 1 The Demise
PART 2 Matters affecting Title

CM

MAB

THIS LEASE made the day of One thousand nine hundred and ninety-eight

BETWEEN the Landlord of the one part and the Tenant of the other part

WITNESSETH as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 IN this Lease the following words or expressions shall (unless the subject matter or context otherwise requires or is inconsistent therewith) have the following meanings; and

"Adjoining Premises"
means any land or buildings neighbouring adjoining or adjacent to the Demised Premises belonging to the Landlord

"Agreement"
means the Agreement dated made between the parties to this Lease for (inter alia) the supply of electricity and steam to the Landlord's paper mill

"Canal Company's Land"
means the land belonging to the Manchester Ship Canal Company lying between the Adjoining Premises and the adopted highway North Road

"Conduits"
means all pipes drains sewers culverts flues ducts wires and cables fibre optic cables conduits channels and all media for the passage of water soil gas air smoke electricity or light

"Demised Premises"
means all that land at North Road Ellesmere Port Cheshire more particularly delineated and shown edged and hatched red on the Plan together with the Plant

"Landlord"
means Bridgewater Paper Company Limited whose registered office is at North Road Ellesmere Port South Wirral Cheshire and shall include the estate owner or owners for the time being of any reversionary interest expectant on the termination of the Term whether mediate or not

"Permitted Use"
means use for the operation of the Plant pursuant to the Agreement or such other use as may be authorised by the Agreement

eM
MAB

"Perpetuity Period"

means any time during the lifetime of the last survivor of the descendants now living of His Late Majesty King George V and twenty years after the death of such last survivor or during such further period (if any) as shall not infringe the law against perpetuities (but not in respect of any period after the determination of the Term)

"Plan"

means the site plan annexed hereto

"Plant"

means the combined heat and power plant to be constructed in accordance with the Agreement

"Tenant"

means National Power PLC whose registered office is at Windmill Hill Business Park Whitehill Way Swindon SN5 6PB and shall include its permitted successors in title and permitted assigns

"Term"

means the term hereby granted

"VAT"

means Value Added Tax as referred to in the Value Added Tax Act 1994 (or any tax of a similar nature which may be substituted for or levied in addition to it)

1.2 The Index and Clause and Schedule headings are inserted for convenience only and do not affect its interpretation

1.3 The Schedule forms part of this Lease and has the same force and effect as if expressly set out in the body of this Lease and any reference to this Lease shall include the Schedule

1.4 A reference to a Clause or Schedule is a reference to a Clause of or Schedule to this Lease

1.5 A reference to this Lease and to the Agreement or another instrument includes any amendment variation supplement to or replacement of any of them from time to time

1.6 Words in the singular include the plural and vice versa

1.7 A reference to a person includes a reference to a firm, a body corporate, an unincorporated association or authority

1.8 References to the words "include" or "including" shall be construed without limitation to the generality of the preceding words

eP1
MAG

2. DEMISE

In consideration of the rent hereby reserved and the covenants by the Tenant and the conditions hereinafter contained the Landlord **HEREBY DEMISES** with full title guarantee unto the Tenant the Demised Premises **TOGETHER WITH** so far as the Landlord is able to grant the same (for the purposes only of the Permitted Use) the following rights:

Rights of Way and Loading

(1) The right (subject as herein mentioned) for the benefit of the Tenant its agents and licensees and all persons authorised by the Tenant pursuant to the Agreement:

(a) to pass to and from the Demised Premises with or without vehicles at all times over such areas of the Adjoining Premises as the Landlord shall designate acting reasonably PROVIDED THAT such areas shall not be used by vehicles with loads which exceed the weight limits which such areas are from time to time designed to support and which have from time to time been notified in writing to the Tenant and in case such weight limits are exceeded by the Tenant or other persons authorised by it the Tenant shall at its own expense forthwith remedy or cause to be remedied any damage caused to the areas as a result of the transportation over the roadways of any load in excess of such weight limits as then apply to the said areas and

(b) in compliance with any reasonable regulations specified by the Landlord to load and unload plant and equipment from the part of the said areas immediately adjacent to the Demised Premises

Entry

(2) The right to enter upon prior appointment (reasonable prior notice having been given to the Landlord except in the case of emergency) the Adjoining Premises with or without workmen and equipment in order to install inspect maintain repair and alter the Demised Premises and/or replace any buildings thereon or the plant and equipment therein (but only to the extent that the requisite works cannot reasonably be carried out without access to the Adjoining Premises) in accordance with and for all purposes under the Agreements PROVIDED ALWAYS THAT the Tenant shall at its own expense remedy any physical damage caused to the Adjoining Premises in the course of the exercise of such rights

Support, Shelter and Protection

(3) The right of support shelter and protection for the benefit of the Demised Premises from the Adjoining Premises

Services etc

(4) The right to lay and install and thereafter use for the passage of services inspect maintain repair and renew under the Adjoining Premises and the Canal Company's Land at North Road Ellesmere Port six electric cables and eight inch gas main and a water main and any other Conduits which may be required for the benefit of the Demised Premises and for the purposes of connecting the Demised Premises to the proposed Manweb plc sub-station site shown hatched green on the Plan along such route as the Landlord shall designate subject to having given prior written notice to the Landlord and the occupier of the relevant part of the Adjoining Premises and on condition that such right is exercised in a manner which causes as little

ePI
MAD

inconvenience as possible and the Tenant shall immediately make good all damage caused to the Adjoining Premises in exercise of such right

(5) The right upon giving reasonable prior notice (except in an emergency) and the receipt pursuant to the Safety Notes of Manchester Ship Canal Company ("MSC") of the necessary work permits from MSC to enter upon the Canal Company's Land for the purposes of exercising the rights granted with or without workmen the person or persons so entering causing as little inconvenience as possible and doing as little damage as possible and forthwith making good any damage thereby caused to the reasonable satisfaction of the Landlord and the Canal Company

(6) The right to lay and install a storm water drain in the approximate position shown by the green line on the Plan and thereafter use the same for the passage of clean surface water from the Demised Premises into the Manchester Ship Canal subject to the Tenant paying a fair proportion according to user of the costs of maintaining and repairing the existing culvert

(7) The right to upgrade and repair the existing culvert shown by the brown lines on the Plan so as to accommodate the Tenant's connection to it

(8) The right upon giving reasonable prior notice (except in case of emergency) and the receipt pursuant to the Safety Notes of MSC of the necessary work permits from MSC to enter with or without servants or workmen for the purposes of exercising the rights set out in (6) and (7) above upon such of the Canal Company's Land as is necessary to person or persons so entering causing as little inconvenience as possible and doing as little damage as possible and forthwith making good any damage thereby caused to the reasonable satisfaction of the Landlord and the Canal Company

(9) The right of uninterrupted passage and running of water soil gas electricity and telecommunications lines (in common with the Landlord and all other persons entitled thereto) through the Conduits currently or which may exist during the Term in on over or under the Adjoining Premises but only to the extent they are designed to bear such services and subject to the Tenant paying a fair proportion according to user of the costs of maintaining and repairing such Conduits

PROVIDED THAT the rights granted:

(a) are not granted to the Tenant exclusively but are to be used in common with the Landlord and any superior landlord and any other tenants and lawful occupiers of the Adjoining Premises or adjoining land and any other persons authorised by them

(b) may be interrupted or varied for the purposes of any works of maintenance, repair, alteration or replacement or the development or re-development of any land or services in connection with which the rights are exercised

(c) are to be exercised by the Tenant in accordance with any reasonable regulations which the Landlord may make for the proper management of the Adjoining Premises;

(d) will last only until such time as any land or services over or through which they are exercised (or any rights in connection with such land or services) is or are adopted or required by a third party for the purpose of providing the relevant facility to the general public and

EXCEPTING AND RESERVING unto the Landlord and to all other persons from time to time authorised by the Landlord or entitled thereto the following rights:

eP1

MAB

Services

(1) The right to the free and uninterrupted passage and running of water soil electricity gas telephone and other communication media and other services now benefiting the Adjoining Premises or any part thereof through the drains pipes wires or other conduits which are now or shall during the Term be laid in over or through the Demised Premises

Support Shelter and Protection

(2) All rights of support shelter and protection belonging to or enjoyed by the Adjoining Premises

Entry

(3) (Subject to compliance with the obligations regarding entry contained in the Agreement) the right upon prior appointment (reasonable prior notice having been given to the Tenant except in the case of emergency) to enter the Demised Premises with or without workmen and equipment in order to inspect maintain repair alter and replace the Adjoining Premises (but only to the extent that the requisite works to the Adjoining Premises cannot reasonably be carried out without access to the Demised Premises) PROVIDED ALWAYS THAT the Landlord shall at its own expense remedy any physical damage caused to the Demised Premises by the exercise of such rights

Other Premises

(4) The right to use let or deal with the Adjoining Premises or any part thereof in such manner as the Landlord may in its discretion think fit notwithstanding that by so doing the access of light or air to the Demised Premises may thereby be diminished

PROVIDED THAT any rights or easements herein reserved or granted over anything which is not in being at the date of this Lease shall be effective only in relation to anything which comes into being during the Perpetuity Period TO HOLD the same unto the Tenant SUBJECT TO all rights covenants easements quasi-easements restrictions and privileges (if any) affecting the Demised Premises FOR a term of twenty (20) years commencing on the date hereof and expiring on [ ] subject to the provisions for termination contained in Clause 5 of this Lease YIELDING AND PAYING therefor unto the Landlord the yearly rent of a peppercorn (if demanded) in advance on Thirtieth day of March in each year

3. TENANT'S COVENANTS

The Tenant HEREBY COVENANTS with the Landlord:

3.1 Rent

To pay the rent herein reserved on the days and in the manner set out in this Lease for payment without deduction or set-off

3.2 VAT

In every case where the Tenant has agreed to reimburse the Landlord in respect of any payment made or to contribute towards the costs incurred by the Landlord under the terms of or in connection with this Lease to pay to the Landlord an amount equal to any

eM

mAB

VAT incurred by the Landlord save to the extent that the Landlord obtains any credit in respect thereof under sections 24 25 and 26 of the Value Added Tax Act 1994

3.3 **User**

To use the Demised Premises for the Permitted Use only

3.4 **Notices**

Not without the Landlord's consent (not to be unreasonably withheld or delayed) to display any signs notices or advertisements on the Demised Premises that can be visible from the exterior of the Demised Premises **PROVIDED THAT** no consent shall be required in respect of signs and notices which are solely to identify an item of plant and equipment or fixture comprising part of the Demised Premises as being owned by the Tenant or in respect of warning notices or other information notices

3.5 **Alienation**

3.5.1 Not to assign underlet charge part with or share possession or occupation of or declare trusts over or in respect of the Demised Premises or of any part thereof or this Lease or agree to do any of the aforesaid save as permitted by and subject to compliance with the relevant provisions of the Agreement

3.5.2 Contemporaneously with any lawful assignment or novation of the Agreement in accordance with the provisions thereof to assign the benefit of this Lease to the assignee or novatee of the Agreement

3.5.3 Upon every devolution of the Demised Premises or any part thereof to give to the Landlord within one month thereafter notice in writing thereof and leave with the Landlord a certified copy of the relevant instrument

3.6 **To Permit Entry**

To permit the Landlord at reasonable times on reasonable prior notice (except in an emergency) to enter the Demised Premises in order to:

3.6.1 ascertain that the covenants and conditions of this Lease have been observed

3.6.2 take any measurement or valuation of the Demised Premises

3.6.3 ascertain that the provisions of the Agreement have been observed and

3.6.4 exercise the rights reserved by Clause 2

3.7 **Alterations**

Not to make any alterations or additions to the Demised Premises nor to erect any additional building or structure of any kind on the Demised Premises or on any part provided that nothing herein shall prevent the Tenant making such alteration or erection where the same are permitted by and/or made pursuant to the Agreement

eM

MAB

3.8 Yielding Up

At the end or sooner determination of the Term quietly to yield up with vacant possession the Demised Premises (including (for the avoidance of doubt and without detracting from the generality of the expression) all parts of the Plant on in or attached to the land (and to the extent (if at all) that the same are not comprised within the Demised Premises) all fixtures and all equipment Conduits and other plant and equipment and machinery thereon that are required for the maintenance and operation of the combined heat and power plant existing at that time on the Demised Premises or the Adjoining Premises but subject to the Tenant's rights of severance and removal under the Agreement) to the Landlord in accordance with the covenants by the Tenant contained in this Lease and in accordance with the obligations on the part of the Tenant in the Agreement

3.9 Costs

To pay on demand and indemnify the Landlord against all reasonable and proper costs and expenses properly incurred by the Landlord in and in connection with:

3.9.1 the service of a notice under Section 146 of the Law of Property Act 1925 notwithstanding forfeiture is avoided otherwise than by relief granted by the Court; and

3.9.2 every application for consent licence or approval under this Lease even if the application is withdrawn or properly refused

3.10 Nuisance

Not to do anything in or about the Demised Premises which in the reasonable opinion of the Landlord may be or become a nuisance or which causes or may cause damage annoyance or disturbance to the Landlord or other occupiers of the Adjoining Premises PROVIDED THAT the use of the Demised Premises for the Permitted Use and the exercise of the rights hereby granted shall not constitute a breach of this covenant

3.11 Planning Law

Not to apply for any planning permission relating to the Demised Premises save in respect of any planning application in relation to any operations works acts use or other thing to be carried out executed or done on the Demised Premises pursuant to the Agreement or the Permitted Use

3.12 Title Covenants and Stipulations

At all times during the Term to observe and perform all and singular the covenants stipulations and other matters affecting the Landlord's title to the Demised Premises as are contained or referred to in the deeds and documents details of which are set out in the Schedule hereto in so far as the same relate to the Demised Premises and are capable of being enforced and at all times to indemnify and keep the Landlord indemnified from and against all actions proceedings costs claims and demands arising from any breach or non-observance of any of the said covenants stipulations and matters

ePI

MMB

4. LANDLORD'S COVENANTS

Quiet Enjoyment

THE Landlord HEREBY COVENANTS with the Tenant that the Tenant paying the rent hereby reserved and observing and performing the covenants on its part herein contained shall and may peaceably and quietly hold and enjoy the Demised Premises during the Term without any disturbance or interruption by the Landlord or any person claiming under or in trust for the Landlord

5. PROVISOS AND AGREEMENTS AND DECLARATIONS

PROVIDED ALWAYS and it is HEREBY AGREED AND DECLARED as follows:

5.1 Forfeiture

If at any time after the Agreement has expired or been terminated but during the Term there shall be any breach non-performance or non-observance by the Tenant of any of the covenants and conditions contained in this Lease the Landlord may upon 21 days written notice to the Tenant re-enter the Demised Premises or any part thereof in the name of the whole and thereupon this demise shall absolutely cease and determine but without prejudice to any rights and remedies of either party in respect of any antecedent breach by the other of any of the covenants contained in this Lease

5.2 No Implied Rights

5.2.1 Nothing contained in this Lease shall operate expressly or impliedly to confer upon or grant to the Tenant any easement right or privilege other than those expressly hereby granted

5.2.2 Nothing in this Lease or in any consent granted by the Landlord under this Lease shall imply or warrant that the Demised Premises may lawfully be used under the Planning Acts for any purposes hereby or subsequently authorised

5.3 Representations

The Landlord and the Tenant acknowledge that they have not entered into this Lease in reliance wholly or partly on any statement representation or warranty express or implied in fact or by law made by or on behalf of the other except for written replies by the Landlord's solicitors to written enquiries raised by the Tenant's solicitor

5.4 Notices

The provisions of the Agreement relating to the service of notices shall apply mutatis mutandis to this Lease as if they were set out herein

5.5 Landlord and Tenant Act 1954

Having been authorised so to do by an Order of the [ ] County Court dated the [ ] day of [ ] One thousand nine hundred and ninety eight the parties hereto agree that the provisions of Sections 24-28 inclusive of the Landlord and

epl
MAP

Tenant Act 1954 (as amended by the Law of Property Act 1969) be excluded in relation to the tenancy hereby created

5.6 **Termination**

This Lease shall determine in accordance with the provisions set out in the Agreement without prejudice to any rights or remedies which may then have accrued to any party against the other in respect of any breach of any of the covenants and conditions contained in the Lease.

5.7 **Miscellaneous**

5.7.1 Where there shall be any conflict between the terms of this Lease and the Agreement the terms of the Agreement shall prevail for so long as the Agreement remains in place.

5.7.2 The terms of the Agreement are incorporated into this Lease in so far as they are required to be incorporated into this Lease for the purposes of Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989

5.8 **Limitations on damage**

5.8.1 Wilful Damage: either the Landlord or the Tenant shall be liable to the other party for any physical loss or damage to the Demised Premises as a result of any wilful damage caused by that party

5.8.2 Direct Loss: either the Landlord or the Tenant shall be liable to the other party for any physical loss or damage to the other party resulting directly from any negligent act or omission by that party or any breach of this Lease which loss at the date of this Lease was reasonably foreseeable as a likely result in the ordinary course of events from such breach PROVIDED THAT the liability of each party to the other in respect of claims for such loss arising in any one year shall not exceed £~~1,000,000~~ 10,000,000.

5.8.3 Exclusion of certain types of loss: subject to clause 5.8.5 neither the Landlord or the Tenant or any of their respective officers or employees shall in any circumstances whatsoever be liable to the other party for any loss arising from any breach of this Lease save as provided in clauses 5.8.1 and 5.8.2 or for any loss of profit loss of profit loss of revenue loss of use loss of contract or loss of goodwill of for any indirect or consequential loss or for any loss resulting from loss or corruption of or damage to any data stored electronically and/or computer software or for loss arising form the liability of the other party to any other person howsoever and whensoever arising

5.8.4 Remedies not cumulative: the rights and remedies provided by this Lease are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this Lease, including any rights either party may possess in tort which shall include actions brought in negligence and/or nuisance. Accordingly, both the Landlord and Tenant hereby waive to the fullest extent possible all such rights and remedies provided by common law or statute, and releases the other to the same extent from all duties, liabilities, responsibilities or obligations provided by common law or statute in respect of the matters dealt with in this Lease and undertakes not to enforce any of the same except as expressly provided herein

5.8.5 Saving for regulatory and other matters: nothing in this Clause 5.8 shall exclude or restrict or otherwise prejudice or affect:

(a) any of the rights, powers, duties and obligations of either the Landlord or the Tenant which are conferred or created by the Electricity Act 1989 (the "Act"), the private electricity supply licence granted under section 6(2)a of the Act (the "Supplier's Licence") or the Electricity Supply Regulations 1988 or any amendment or re-enactment thereof; or

(b) any of the rights, powers, duties and obligations of the Director General of Electricity Supply appointed for the time being under the Act or the Secretary of State under the Act, Supplier's Licence or otherwise howsoever; or

(c) any liability in respect of death or personal injury resulting from the negligence of the Landlord or Tenant

5.8.6 Survival: each of the sub-clauses of this Clause 5.8 shall:

(a) survive termination of this Lease; and

(b) insofar as it excludes or limits liability, override any other provision in this Lease, save as expressly provided in this Lease.

5.8.7 Trust: the Landlord and Tenant agree that the other party holds the benefit of sub-clauses 5.8.1 to 5.8.3 inclusive for itself and as trustee and agent for its officers, employees agents and sub-contractors.

5.8.8 Saving: for the avoidance of doubt nothing in Clause 5.8 shall prevent or restrict either the Landlord or the Tenant enforcing any obligation (including suing for a debt) owed to it under or pursuant to this Lease.

5.9 **Severability**

Each of the clauses of this Lease is distinct and several from the others and if at any time one or more of the provisions of this Lease is or becomes illegal invalid or unenforceable the validity legality and enforceability of the remaining provisions will not in any way be affected or impaired

IN WITNESS whereof this Deed has been executed by the parties hereto and is intended to be and is hereby delivered on the date first above written

THE SCHEDULE

Matters affecting Title

The deeds and documents and matters contained or referred to in the entries of title numbers CH178854 CH171677 and CH36290

eH

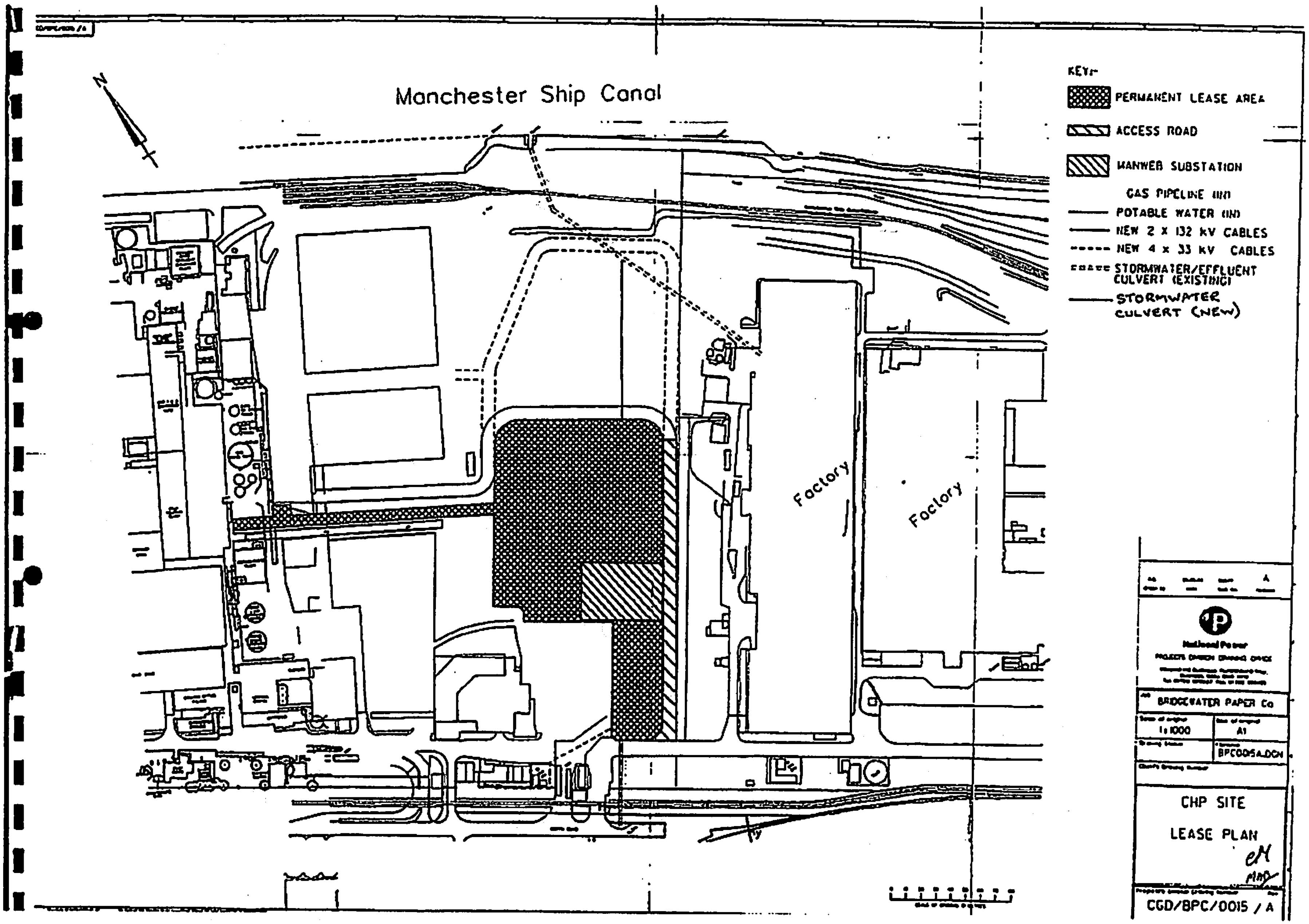
MAB

THE COMMON SEAL of BRIDGEWATER PAPER COMPANY LIMITED was hereunto affixed in the presence of:	)))	
		Director
		Secretary

[Counterpart]

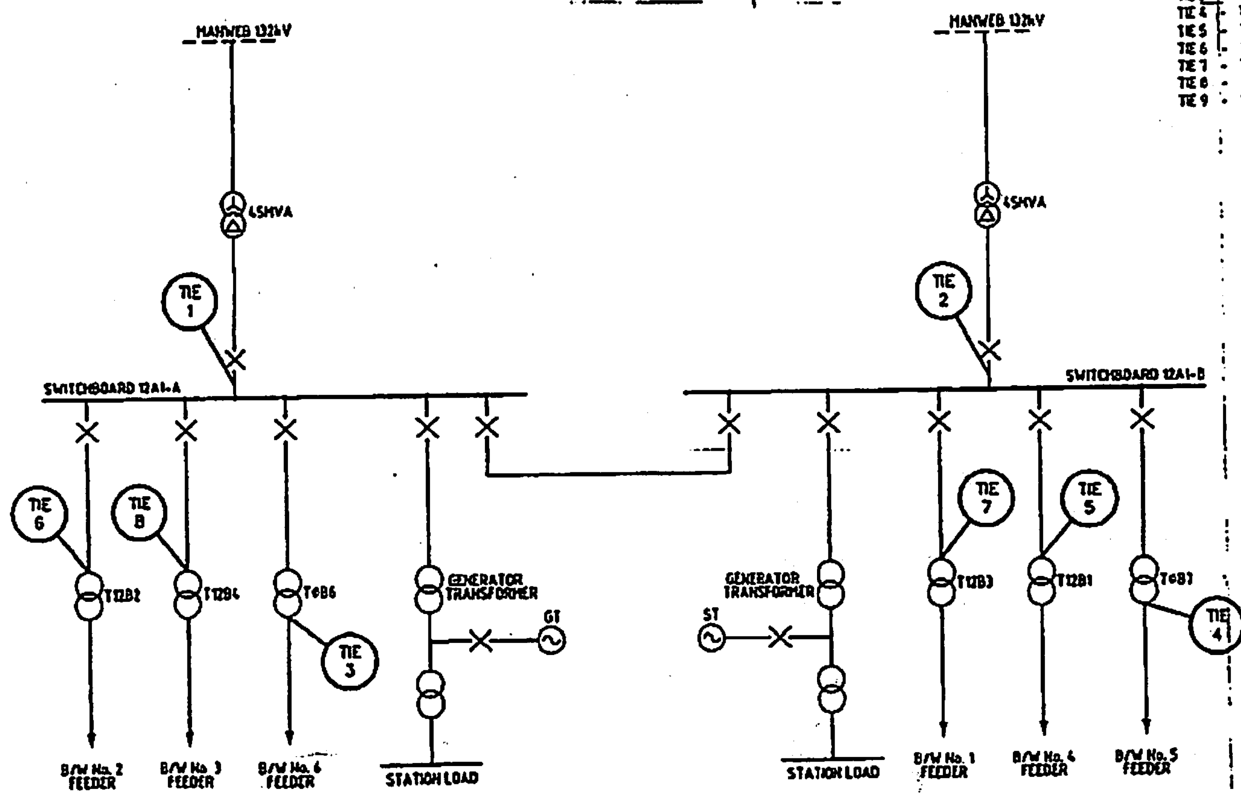
THE COMMON SEAL of NATIONAL POWER PLC was hereunto affixed in the presence of:	))	
		Authorised Signatory

CM
MAB


N
Manchester Ship Canal
KEY:-
PERMANENT LEASE AREA
ACCESS ROAD
MANWEB SUBSTATION
GAS PIPELINE (IN)
POTABLE WATER (IN)
NEW 2 x 132 kV CABLES
NEW 4 x 33 kV CABLES
STORMWATER/EFFLUENT CULVERT (EXISTING)
STORMWATER CULVERT (NEW)
Factory
Factory
National Power
BRIDGEWATER PAPER Co
1:1000
A1
BPC0015A.DGN
CHP SITE
LEASE PLAN
CGD/BPC/0015 / A

NOTES :

1. PRIMARY ELECTRICAL CONSTRUCTION TIE-INS
   - TIE 1 - MANWEB INCOMING CIRCUIT
   - TIE 2 - MANWEB INCOMING CIRCUIT
   - TIE 3 - TRANSFORMER T⌀B6 LV CABLE BOX
   - TIE 4 - TRANSFORMER T⌀B7 LV CABLE BOX
   - TIE 5 - TRANSFORMER T12B1 HV CABLE BOX
   - TIE 6 - TRANSFORMER T12B2 HV CABLE BOX
   - TIE 7 - TRANSFORMER T12B3 HV CABLE BOX
   - TIE 8 - TRANSFORMER T12B4 HV CABLE BOX
   - TIE 9 - SWITCHBOARD ⌀C9 PANEL 1 HV CABLE BOX



REV	REVIEW STATUS & REVISIONS	DRN	CHK	ENG REQ'R REVIEWED		DATE
0	UPDATED TO NATIONAL POWER REQUIREMENTS	E.W.	E.W.	J.A.H.	J.A.H.	27.7.98
-	FOR MILL REVIEW	TRANSMITTAL No				NOT ISSUED
0.1	FOR INTERNAL REVIEW	E.W.	E.W.	J.A.H.	J.A.H.	27.7.98

SCALE N/A

RA No 9715

W/O No .

TITLE

CHP PLANT
PROPOSED ELECTRICAL
TIE-IN POINTS

ABITIBI CONSOLIDATED
BRIDGEWATER PAPER COMPANY LTD.
North Road, Ellesmere Port, South Wirral, U.K. L65 1AF. Tel. 0151 327 6202/ Fax. 0151 357 6435.

MOTOR No.	SIZE	SYSTEM	AREA	NUMBER	SHT.	PLANT	GROUP	REV.
.	A3	12.2	CHP	12	2 OF 3	.	.	0

CPT MAB

SCHEDULE IX - GAS PROCUREMENT ARRANGEMENTS

NP will use reasonable endeavours to procure the supply and the delivery of natural gas throughout the *CHP Phase* as follows:

1. SUPPLY ARRANGEMENT

NP will invite gas suppliers to tender for the supply of natural gas and *NP* will negotiate in good faith with the view to obtaining a supply of natural gas based on the following arrangements unless agreed otherwise between the *Parties*:

Supply Type	:	Firm
Term	:	Initial supply contract - 3 to 5 years Subsequent supply contracts - 1 to 5 years (unless otherwise agreed in writing between the *Parties*)
Delivery Point	:	The National Balance Point within the BG plc (TransCo) system
Annual Contract Quantity (ACQ)	:	Year 1 - 40.0 million therms Subsequent Years - 43.0 million therms
Maximum Daily Quantity	:	145,500 therms
Maximum Annual Quantity	:	115% of ACQ
Take or Pay Level	:	85% of ACQ
Price Indexation	:	*BPCL* may nominate an indexation arrangement on which *NP* will seek to secure a natural gas supply contract provided that *BPCL* nominates an indexation

eM
MAB

arrangement which is considered reasonable by potential gas suppliers. If *BPCL* fails to nominate an indexation arrangement *NP* will procure natural gas based on its choice of an indexation package.

2. DELIVERY ARRANGEMENT

NP will use reasonable endeavours to procure an uninterruptible delivery arrangement to enable the natural gas procured under the Supply Arrangement outlined in this Schedule IX to be delivered to the *CHP Scheme*.

eM
MAD

SCHEDULE X - SYSTEM MODIFICATIONS

Steam System

The steam system modifications as shown on drawing A3/12.1/271 attached to this Schedule between the steam *Terminal Points* and the existing *BPCL* Paper Mill steam systems, as set out below

Low Pressure PM1 Steam Line: between TPM1 and TP1
Low Pressure PM2 Steam Line: between TPM2 and TP2
Low Pressure PM4 Steam Line: between TPM3 and TP3
Low Pressure auxiliary Steam Line: between TPM4 and TI1 to TI27 inclusive
Medium Pressure Steam Line: between TPM5 and TP5

Where TPM1, TPM2, TPM3, TPM4 and TPM5 are *Terminal Points* as set out in Schedule II and TP1, TP2, TP3, TP5 and TI1-TI27 inclusive are tie-ins to the existing *BPCL* steam systems within the paper mill buildings.

Electrical System

The electrical system modifications shown on drawing A3/12.2/CHP/12 sheet 2 of 3 between the Manweb incoming circuits (TIE1 and TIE2) and the transformer cable boxes (TIE3 to TIE8 inclusive), defined as:

A new 33,000 volt switchboard with six 33,000 volt circuits dedicated to *BPCL* and 33,000 volt incomer circuits to Manweb specification. Two new 15,000 kVA 33,000/11,000 volt transformers. Pilot and power cabling to the six 33,000/11,000 volt transformers.

eM
MAP

SCHEDULE XI - TRANSFER OF UNDERTAKINGS

1. The *Parties* acknowledge and agree that upon transfer of ownership of the *CHP Scheme* to *BPCL's Affiliate* pursuant to the terms of this *Contract* ("TUPE Completion") pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 1981 as amended ("the Regulations") the contracts of employment between *NP* and the Employees will transfer and be deemed to have had effect after TUPE Completion as if originally made between *BPCL* or *BPCL's Affiliate* and the Employees.

2. Each *Party* warrants and undertakes that (subject to reserving the right to negotiate with individuals) on the occurrence or consideration of such TUPE Completion it will comply, or will require its *Affiliate* to comply, in full with its or its *Affiliate's* obligations under the Regulations.

3. All salaries, wages, monetary bonuses and other emoluments, all statutory contributions and all income tax deductible under PAYE for which *NP* is accountable, all employer's contributions to *NP*'s pension and insurance schemes or scheme and all other employment costs and holiday pay (including any accrued holiday and pay) in respect of the Employees shall be borne by *NP* in respect of the period up to TUPE Completion whether or not due for payment at such time and in respect of the period from TUPE Completion shall be borne by *BPCL* or its *Affiliate*.

4. *BPCL* undertakes to and warrants that (subject to reserving the right to negotiate with individuals) it or its *Affiliate* will comply with the provisions of the Electricity (Protected Persons) (England and Wales) Pension Regulations 1990 (the "Electricity Regulations"). *BPCL* agrees that should it or its *Affiliate* fail to comply with the Electricity Regulations in any way or if such arrangements that it or its *Affiliate* sets in place in order to comply fail or are held not to be sufficient to comply and liability attaches to *NP* as a consequence that it shall fully indemnify *NP* in respect of any and all such liability, including but not limited to any costs incurred or awards made. Furthermore *BPCL* agrees that should it or its *Affiliate* request that the Employees waive their rights under the Electricity Regulations that it or its *Affiliate* shall be

CM
MPB

responsible for all and any consideration payable to the Employees in respect of the waiving of such rights and shall be responsible for all or any costs or liabilities for which *NP* may be held responsible as a consequence.

5. *NP* shall indemnify and keep indemnified *BPCL* and its *Affiliate* against all actions, proceedings, costs, claims, demands, awards, fines, orders and liabilities whatsoever arising in connection with the employment of the Employees prior to TUPE Completion by *NP* including any claim by any of the Employees arising or alleged to arise wholly or partly from any act or omission of *NP* arising wholly or partly from any act or omission of any of the Employees.

6. *BPCL* acknowledges and confirms that it will notify *NP* in writing as soon as reasonably practicable after the date on which *BPCL* becomes aware of any claim against it or its *Affiliate* by the Employees or any of them and such notification shall be in sufficient detail for *NP* to identify the claim.

7. *NP* will at all times hereafter disclose in writing to *BPCL* such information and documents relating to any such claim as it believes may be reasonably requested by *BPCL* in relation to the claims made hereunder.

8. In this Schedule XI "Employees" means all employees of National Power PLC or an *Affiliate* of National Power PLC employed at the *CHP Site* at the TUPE Completion.

eM
MAB

SCHEDULE XII -KNOWN UNDERGROUND OBSTRUCTIONS

Known underground obstructions are as follows:

Potable water main (4") to Manchester Ship Canal Company
415V cable
11kV cable to Manchester Ship Canal Company

CP1
MAD

SCHEDULE XIII - PARENT COMPANY GUARANTEE

THIS GUARANTEE is made the [ ] 1998 by Abitibi-Consolidated Inc registered number [ ] whose registered office is 1155 Metcalfe, Suite 800, Montreal, Quebec H3B 5H2 Canada (the "Guarantor") in favour of NATIONAL POWER PLC registered number 2366963 together with its permitted successors in title and/or assignees ("NP")

WHEREAS

(A) The Guarantor has a controlling interest in Bridgewater Paper Company Limited of North Road, Ellesmere Port, South Wirral, Merseyside L65 1AF which is registered under registration number 1726334 (the "Contractor") which has entered into an Energy Supply Contract dated [ ] with NP (the "Contract") pursuant to which the Contractor shall purchase energy, from NP supplied at the Premises and shall undertake all of the other obligations and duties all as set out in the Contract.

(B) It is a condition of the Contract that the Contractor procure for NP a guarantee from the Guarantor in the terms set out below as security for the due and proper performance of each and all of the duties, obligations and undertakings to be performed and observed by the Contractor under or pursuant to the Contract.

NOW THIS DEED OF GUARANTEE WITNESSETH as follows:

1. Interpretation

Save to the extent that the context or the express provisions of this Guarantee otherwise require:

(A) the "Winding-up" of a person also includes the bankruptcy, insolvency, amalgamation, reconstruction, reorganisation, administration, composition of creditors, dissolution, liquidation, merger or consolidation of that person, and

eM MAD

any equivalent or analogous procedure under the law of any applicable jurisdiction;

(B) headings shall not be deemed parts of this Guarantee or be taken into consideration in the interpretation or construction hereof;

(C) all references to persons include individuals, bodies corporate and unincorporated, authorities, associations or other legal entities and their successors, permitted transferees and assigns;

(D) words and expressions used in the Contract have the same meaning in this Guarantee;

(E) words importing the singular include the plural and vice versa; and

(F) all references to documents or other instruments include all amendments and replacements thereof and supplements thereto and any agreement or instrument effected pursuant thereto.

2. <u>Guarantee</u>

In consideration of NP agreeing to enter into the Contract with the Contractor the Guarantor hereby unconditionally and irrevocably guarantees and undertakes to NP that:

2.1 The Contractor will well, punctually and truly perform, observe and comply with all the obligations, undertakings, terms, provisions, conditions, and stipulations mentioned or described in the Contract to be implied therefrom which fail to be so performed, observed and complied with by the Contractor according to their true purport, intent and meaning ("Guaranteed Obligations") and furthermore the Guarantor hereby agrees to indemnify NP against all losses, damages, costs, charges and expenses that it may suffer by reason of or in consequence of any breach by the Contractor of its obligations, commitments, warranties or undertakings under or

eM
MAg

pursuant to the Contract. For the avoidance of doubt the indemnity given by the Guarantor pursuant to this sub-clause 2.1 shall not extend to any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill, or to any indirect or consequential loss not otherwise recoverable against the Contractor pursuant to the terms or the Contract; and that the Guarantor's liability shall be no greater than the Contactor's liability under the *Contract*.

2.2 Without prejudice to the provisions or sub-clause 2.1 above, if for any reason whatsoever and in any way the Contractor shall upon written demand made by NP fail to perform, observe or comply with the Guaranteed Obligations then the Guarantor shall immediately take over from the Contractor and shall forthwith perform, observe and comply with or cause to be performed, observed or complied with the Guaranteed Obligations so far as and to the extent that the Contractor was liable to perform, observe and comply with them and shall to the same extent be responsible to NP for the payment of all sums of money, losses, damages, costs, charges and expenses that may become due and payable to NP by reason of or in consequence of the acts or defaults of the Contractor in the performance or observance of the Contract.

3. Guarantor's Obligations

3.1 As between the Guarantor and NP but without affecting any obligations of the Contractor the Guarantor shall remain liable under the Guarantee as if it were the sole principal obligor and not merely a surety and the Guarantor as between it and NP hereby waives all and any rights as surety, whether of set-off, counter-claim or otherwise.

3.2 Accordingly, it shall not be discharged or released, nor shall its liability be affected, by:

3.2.1 any allowance of time, delay, forbearance, waiver, consent or other indulgence at any time given to the Contractor or any other persons in respect of any matter or thing concerning the Contract;

CM
MAD

3.2.2 any alteration to the terms of or amendment of or supplement to the Contract or of the rights, remedies or obligations of either party thereunder or the extent and nature of any works to be performed thereunder or to any security or other guarantee or indemnity;

3.2.3 the making or absence of any demand on or the taking or not of any action or obtaining or not of any judgement against the Contractor or any other person for payment or otherwise;

3.2.4 the enforcement or absence of enforcement of the Contract or of any security, right of action or other guarantee or indemnity;

3.2.5 the release of any such security, right of action, guarantee or indemnity;

3.2.6 any action lawfully taken by NP to determine the Contract, or any dispute or disagreement whatsoever under or in relation to the Contract;

3.2.7 the Winding-up of the Contractor, NP or the Guarantor;

3.2.8 any disability, incapacity or change in the status, constitution, function or control or ownership of NP, the Contractor or the Guarantor or between either or all of them;

3.2.9 any illegality, invalidity or unenforceability of or any defect in the provisions of the Contract or any of the Contractor's obligation under or pursuant to it; and

any other matter or thing whereby by the operation of law or otherwise (in the absence of this present provision) the Guarantor would or might be discharged or released from liability hereunder, or by which its liability may be affected.

CM

MAG

4. Indemnity .

As a separate, independent and alternative stipulation the Guarantor unconditionally and irrevocably agrees as a primary obligation to indemnify NP against any loss suffered by it as a result of:

4.1 any failure by the Guarantor to perform its obligations under or pursuant to this Guarantee in accordance with the provisions hereof and otherwise in the manner specified in the Contract; or

4.2 any of the Guaranteed Obligations being or becoming void, voidable or unenforceable for any reason or in the event of this Guarantee not proving to be binding on the Guarantor for any reason (whether or not now existing and whether or not now known or becoming known to NP, the Contractor or the Guarantor),

provided that the liability of the Guarantor hereunder shall be no greater than the liability of the Contractor under the Contract.

5. Continuing Security

Each of the Guarantor's obligations under this Deed are and will remain in full force and effect by way of continuing security until the complete performance, observance or compliance by the Contractor of the Guaranteed Obligations. Furthermore, those obligations of the Guarantor are additional to, and not instead of, and shall not be prejudiced by, any security, right of action or other guarantee or indemnity at any time existing in favour of NP, whether from the Guarantor or otherwise.

Provided that any obligation of the Contractor which is discharged by the Guarantor by virtue of this Guarantee and indemnity shall be discharged as between the Contractor and NP.

The Guarantor irrevocably waives all notices and demands whatsoever.

EP
MAB

6. Immediate Recourse

NP shall not be obligated before taking any steps to enforce this Guarantee to take any action whatsoever or obtain judgement against the Contractor or any third party or to make or file any claim in liquidation (or analogous proceedings) of the Contractor or to resort to or seek to enforce any other guarantee or security or to seek any remedy or proceed first against the Contractor.

The rights and remedies provided herein are cumulative and not exclusive of any right or remedy provided by law.

7. Enforcement of Security

So long as any obligation remains to be performed or any sum remains payable under this Guarantee:

7.1 any rights of the Guarantor, by reason of performance of any of its obligations under this Guarantee, to be indemnified by the Contractor or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised and enforced by the Guarantor only in such manner and on such terms as NP may reasonably require:

7.2 any amount received or recovered by the Guarantor as a result of any exercise of any such right shall to the extent of any unperformed obligation be held in trust for NP provided that this provision does not apply to such amount or the exercise of any such right in the ordinary course of business between the Guarantor and the Contractor; and

7.3 any amount received by NP (whether by payment or set-off) from the Contractor which NP is required to refund for any reason (including any Winding-up) shall be refunded on demand to NP by the Guarantor.

cm
MAB

8. Representations and Warranties

The Guarantor represents and warrants to NP that it has the power to enter into, perform and comply with all its obligations under this guarantee and that its entry into, performance of or compliance with its obligations under this Guarantee does not and will not violate any law to which it is subject or its memorandum and Articles of Association or the performance of the Contractor under the Contract and has taken all steps necessary to ensure that when executed this guarantee shall be valid and binding on the Guarantor.

9. Assignment

The Guarantor hereby consents to NP assigning this Guarantee in whole or in part at any time to National Power (Cogeneration) Limited or to the holding company of National Power (Cogeneration) Limited. NP shall confirm completion of any such assignment of this Guarantee as set out in this Clause 9 in writing.

10. Costs

Notwithstanding any limitations of liability contained in this Guarantee and in addition thereto, the Guarantor hereby covenants to pay to NP all and any reasonable costs, charges, losses or expenses of whatever nature incurred by or on behalf of NP in enforcing this Guarantee.

11. Waiver

No failure or delay on the part of NP to exercise any right or remedy hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or other exercise of any right or remedy.

CM
MAD

12. Severability

If at any time any one or more of the provisions of this Guarantee is or becomes illegal, invalid or otherwise unenforceable in any respect such illegality, invalidity or unenforceability shall not prejudice or affect the remaining provisions of this Guarantee which shall continue in full force and effect notwithstanding such illegality, invalidity or unenforceability.

13. Notices and Communications

13.1 Any notice or other communication given or made under or in connection with the matters contemplated by this Guarantee shall be in writing and sent by hand, post or facsimile transmission.

13.2 Any notice or other communication shall be addressed as provided in sub-clause 13.3 and, if so addressed, shall be deemed to have been duly given or made as follows:-

(A) if sent by hand, upon delivery at the address of the relevant party:

(B) if sent by post, upon actual receipt thereof;

(C) if sent by facsimile, upon actual legible receipt thereof.

13.3 the relevant addressee, address, and facsimile number of each party for the purposes of this Guarantee, subject to sub-clause 13.3 are:

cM
MAB

(A) Abitibi-Consolidated Inc
1155 Metcalfe
Suite 800
Montreal,
Quebec H3B 5H2
Canada
Fax No: 00 1 514 875 6284

(B) National Power PLC
Centre Court
1301 Stratford Road
Hall Green
Birmingham
B28 9HH
Fax No: 0121 702 1031

13.4 Any party may notify the other party of a change to its name, relevant addressee, address or facsimile number for the purposes of sub-clause 13.3.

14. Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of England and Wales, and the parties hereby submit themselves to the exclusive jurisdiction of the Courts of England and Wales.

The Guarantor hereby appoints Messrs Nabarro Nathanson of 50 Stratton Street, London W1X 6NX (attention: Robert Tudway) as it agent to accept service of process on its behalf in any proceedings in England.

eM
MAB

IN WITNESS WHEREOF the Guarantor has caused this Guarantee to be executed and delivered as its Deed on the day and year first before written.

EXECUTED and DELIVERED
as a Deed by [ ]
acting by its authorised signatories in the presence of:

Director

CM

MAB

SCHEDULE XIV - INTERPERIMETER SERVICES

The interperimeter services are defined as:

(a) Condensate System. Condensate pipework, valves and instrumentation from the *Terminal Point* in Schedule II to the area fenced within the *CHP Site*.

(b) Steam Systems. MP and LP steam pipework, valves and instrumentation from the *Terminal Point* in Schedule II to the area fenced within the *CHP Site*.

Pressure Reducing and Desuperheater Stations. Four LP and one MP Pressure Reducing and Desuperheating Stations.

(c) Steelwork. New pipebridge and associated civil works for the Steam and Condensate Systems set out in (a) and (b) above.

(d) Foul sewage pipe and pumped system.

(e) Raw water pipe to North West Water Limited connection.

(f) Bore hole water pipe from the *Terminal Point* in Schedule II to the area fenced within the *CHP Site*.

(g) 415 volt cable diversion around the area fenced within the *CHP Site*.

(h) 11,000 volt cable diversion around the area fenced within the *CHP Site*.

(i) Fibre Optic electrical metering and electrical protection connections between the substation and *BPCL*.

(j) Drains including effluent/storm water.

(k) Design, engineering and installation.

CM
MAB

(l) Access roads to *BPCL* site.

(m) Manisty Wharf access roads.

(n) Water pipe diversion, telephone line diversion and gas pipeline duct for MSCC.

CM
MAB

EXHIBIT D

EXHIBIT D– GUARANTEE EXTRACTS (underlined headings added)

A. Provisions Relating to Post Filing Indebtedness

2. Guarantee

In consideration of NP agreeing to enter into the Energy Supply Contract dated August 3, 1998 with NP (the "Contract"), with the Contractor the Guarantor hereby unconditionally and irrevocably guarantees and undertakes to NP that

2.1 The Contractor will well, punctually and truly perform, observe and comply with all the obligations, undertakings, terms, provisions, conditions and stipulations mentioned or described in the Contract to be implied therefrom which fail to be so performed, observed and complied with by the Contractor according to their true purport, intent and meaning ("Guaranteed Obligations") and furthermore the Guarantor hereby agrees to indemnify NP against all losses, damages, costs, charges and expenses that it may suffer by reason of or in consequence of any breach by the Contractor of its obligations, commitments, warranties or undertakings under or pursuant to the Contract

For avoidance of doubt, the indemnity given by the Guarantor pursuant to this sub clause 2.1 shall not extend to any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill, or to any indirect or consequential loss not otherwise recoverable against the Contractor pursuant to the terms of the Contract; and that the Guarantor's liability shall be no greater than the Contractor's liability under the Contract.

4. Indemnity

As a separate, independent and alternative stipulation the Guarantor unconditionally and irrevocably agrees as a primary obligation to indemnity NP against any loss suffered by it as a result of:

> 4.1 any failure by the Guarantor to perform it obligations under or pursuant to this Guarantee in accordance with the provisions hereof and otherwise in the manner specified in the Contract; or
>
> 4.2 any of the Guaranteed Obligations being or becoming void, voidable or unenforceable for any reason or in the event of this Guarantee not proving to be binding on the Guarantor for any reason (whether or not now existing and whether or not now known or becoming known to NP, the Contractor or the Guarantor)

B. Trigger Events which allow the Guarantee to Be Called

2.2 Without prejudice to the provisions of subclause 2.1, if for any reason whatsoever and in any way the Contractor shall upon written demand made by NP fail to perform, observe or comply with the Guaranteed Obligations then the Guarantor shall immediately take over from the Contractor and shall forthwith perform, observe and comply with or cause to be performed, observed or complied with the

Guaranteed Obligations so far as and to the extent that the Contractor was liable to perform, observe and comply with them and shall to the same extent be responsible to NP for the payment of all sums of money, losses, damages, costs, charges and expenses that may become due and payable to NP by reason of or in consequence of the acts or defaults of the Contractor in the performance or observance of the Contract.

C. Immediate Recourse

6 NP shall not be obligated before taking any steps to enforce this Guarantee to take any action whatsoever or obtain judgment against the Contractor or any third party or to make or file any claim in liquidation (or analogous proceedings) of the Contractor or to resort to or seek to enforce any other guarantee r security or to seek any remedy or proceeding first against the Contractor.

D. No Repudiation Right

Continuing Security

5. Each of the Guarantor's obligations under this Deed are and will remain in full force and effect by way of continuing security until the complete performance, observance or compliance by the Contractor of the Guaranteed Obligations.

EXHIBIT R-2

Parent Company Guarantee

THIS GUARANTEE is made the 22nd day of February 1999 by Abitibi-Consolidated Inc. registered number 337578-1 whose registered office is 1155 Metcalfe, Suite 800, Montreal, Quebec H3B 5H2 (the "Guarantor") in favour of NATIONAL POWER PLC registered number 2366963 together with its permitted successors in title and/or assignees ("NP")

WHEREAS

(A) The Guarantor has a controlling interest in Bridgewater Paper Company Limited of North Road, Ellesmere Port, South Wirral, Merseyside L65 1AF which is registered under registration number 1726334 (the "Contractor") which has entered into an Energy Supply Contract dated 3 August 1998 with NP (the "Contract") pursuant to which the Contractor shall purchase energy from NP supplied at the Premises and shall undertake all of the other obligations and duties all as set out in the Contract.

(B) It is a condition of the Contract that the Contractor procure for NP a guarantee from the Guarantor in the terms set out below as security for the due and proper performance of each and all of the duties, obligations and undertakings to be performed and observed by the Contractor under or pursuant to the Contract.

NOW THIS DEED OF GUARANTEE WITNESSETH as follows:

1. Interpretation

Save to the extent that the context or the express provisions of this Guarantee otherwise require:

(A) the "Winding-up" of a person also includes the bankruptcy, insolvency, amalgamation, reconstruction, reorganisation, administration, composition of creditors, dissolution, liquidation, merger or consolidation of that person, and any equivalent or analogous procedure under the law of any applicable jurisdiction;

(B) headings shall not be deemed parts of this Guarantee or be taken into consideration in the interpretation or construction hereof;

(C) all references to persons include individuals, bodies corporate and unincorporated, authorities, associations or other legal entities and their successors, permitted transferees and assigns;

(D) words and expressions used in the Contract have the same meaning in this Guarantee;

(E) words importing the singular include the plural and vice versa; and

(F) all references to documents or other instruments include all amendments and replacements thereof and supplements thereto and any agreement or instrument effected pursuant thereto.

2. Guarantee

In consideration of NP agreeing to enter into the Contract with the Contractor the Guarantor hereby unconditionally and irrevocably guarantees and undertakes to NP that:

2.1 The Contractor will well, punctually and truly perform, observe and comply with all the obligations, undertakings, terms, provisions, conditions, and stipulations mentioned or described in the Contract to be implied therefrom which fail to be so performed, observed and complied with by the Contractor according to their true purport, intent and meaning ("Guaranteed Obligations") and furthermore the Guarantor hereby agrees to indemnify NP against all losses, damages, costs, charges and expenses that it may suffer by reason of or in consequence of any breach by the Contractor of its obligations, commitments, warranties or undertakings under or pursuant to the Contract. For the avoidance of doubt the indemnity given by the Guarantor pursuant to this sub-clause 2.1 shall not extend to any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill, or to any indirect or consequential loss not otherwise recoverable against the Contractor pursuant to the terms of the Contract; and that the Guarantor's liability shall be no greater than the Contractor's liability under the Contract.

2.2 Without prejudice to the provisions or sub-clause 2.1 above, if for any reason whatsoever and in any way the Contractor shall upon written demand made by NP fail to perform, observe or comply with the Guaranteed Obligations then the Guarantor shall immediately take over from the Contractor and shall forthwith perform, observe and comply with or cause to be performed, observed or complied with the Guaranteed Obligations so far as and to the extent that the Contractor was liable to perform, observe and comply with them and shall to the same extent be responsible to NP for the payment of all sums of money, losses, damages, costs, charges and expenses that may become due and payable to NP by reason of or in consequence of the acts or defaults of the Contractor in the performance or observance of the Contract.

3. Guarantor's Obligations

3.1 As between the Guarantor and NP but without affecting any obligations of the Contractor the Guarantor shall remain liable under the Guarantee as if it were the sole principal obligor and not merely a surety and the Guarantor as between it and NP hereby waives all and any rights as surety, whether of set-off, counter-claim or otherwise.

3.2 Accordingly, it shall not be discharged or released, nor shall its liability be affected, by:

3.2.1 any allowance of time, delay, forbearance, waiver, consent or other indulgence at any time given to the Contractor or any other persons in respect of any matter or thing concerning the Contract;

3.2.2 any alteration to the terms of or amendment of or supplement to the Contract or of the rights, remedies or obligations of either party thereunder or the extent and nature of any works to be performed thereunder or to any security or other guarantee or indemnity;

3.2.3 the making or absence of any demand on or the taking or not of any action or obtaining or not of any judgement against the Contractor or any other person for payment or otherwise;

3.2.4 the enforcement or absence of enforcement of the Contract or of any security, right of action or other guarantee or indemnity;

3.2.5 the release of any such security, right of action, guarantee or indemnity;

3.2.6 any action lawfully taken by NP to determine the Contract, or any dispute or disagreement whatsoever under or in relation to the Contract;

3.2.7 the Winding-up of the Contractor, NP or the Guarantor;

3.2.8 any disability, incapacity or change in the status, constitution, function or control or ownership of NP, the Contractor or the Guarantor or between either or all of them;

3.2.9 any illegality, invalidity or unenforceability of or any defect in the provisions of the Contract or any of the Contractor's obligation under or pursuant to it; and

any other matter or thing whereby by the operation of law or otherwise (in the absence of this present provision) the Guarantor would or might be discharged or released from liability hereunder, or by which its liability may be affected.

4. Indemnity

As a separate, independent and alternative stipulation the Guarantor unconditionally and irrevocably agrees as a primary obligation to indemnify NP against any loss suffered by it as a result of:

4.1 any failure by the Guarantor to perform its obligations under or pursuant to this Guarantee in accordance with the provisions hereof and otherwise in the manner specified in the Contract; or

4.2 any of the Guaranteed Obligations being or becoming void, voidable or unenforceable for any reason or in the event of this Guarantee not proving to be binding on the Guarantor for any reason (whether or not now existing and whether or not now known or becoming known to NP, the Contractor or the Guarantor),

provided that the liability of the Guarantor hereunder shall be no greater than the liability of the Contractor under the Contract.

5. Continuing Security

Each of the Guarantor's obligations under this Deed are and will remain in full force and effect by way of continuing security until the complete performance, observance or compliance by the Contractor of the Guaranteed Obligations. Furthermore, those obligations of the Guarantor are additional to, and not instead of and shall not be prejudiced by, any security, right of action or other guarantee or indemnity at any time existing in favour of NP, whether from the Guarantor or otherwise.

Provided that any obligation of the Contractor which is discharged by the Guarantor by virtue of this Guarantee and indemnity shall be discharged as between the Contractor and NP.

The Guarantor irrevocably waives all notices and demands whatsoever.

6 Immediate Recourse

NP shall not be obligated before taking any steps to enforce this Guarantee to take any action whatsoever or obtain judgement against the Contractor or any third party or to make or file any claim in liquidation (or analogous proceedings) of the Contractor or to resort to or seek to enforce any other guarantee or security or to seek any remedy or proceed first against the Contractor.

The rights and remedies provided herein are cumulative and not exclusive of any right or remedy provided by law.

7. Enforcement of Security

So long as any obligation remains to be performed or any sum remains payable under this Guarantee:

any rights of the Guarantor, by reason of performance of any of its obligations under this Guarantee, to be indemnified by the Contractor or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised and enforced by the Guarantor only in such manner and on such terms as NP may reasonably require;

7.2 any amount received or recovered by the Guarantor as a result of any exercise of any such right shall to the extent of any unperformed obligation be held in trust for NP provided that this provision does not apply to such amount or the exercise of any such right in the ordinary course of business between the Guarantor and the Contractor; and

7.3 any amount received by NP (whether by payment or set-off) from the Contractor which NP is required to refund for any reason (including any Winding-up) shall be refunded on demand to NP by the Guarantor.

8. Representations and Warranties

The Guarantor represents and warrants to NP that it has the power to enter into, perform and comply with all its obligations under this guarantee and that its entry into, performance of or compliance with its obligations under this Guarantee does not and will not violate any law to which it is subject or its Memorandum and Articles of Association or the performance of the Contractor under the Contract and has taken all steps necessary to ensure that when executed this guarantee shall be valid and binding on the Guarantor.

9. Assignment

The Guarantor hereby consents to NP assigning this Guarantee in whole or in part at any time to National Power (Cogeneration) Limited or to the holding company of National Power (Cogeneration) Limited. NP, shall confirm completion of any such

- assignment of this Guarantee as set out in this Clause 9, in writing.

10 Costs

Notwithstanding any limitations of liability contained in this Guarantee and in addition thereto, the Guarantor hereby covenants to pay to NP all and any reasonable costs, charges, losses or expenses of whatever nature incurred by or on behalf of NP in enforcing this Guarantee.

11 Waiver

No failure or delay on the part of NP to exercise any right or remedy hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or other exercise of any right or remedy.

12. Severability

If at any time any one or more of the provisions of this Guarantee is or becomes illegal, invalid or otherwise unenforceable in any respect such illegality, invalidity or unenforceablity shall not prejudice or affect the remaining provisions of this Guarantee which shall continue in full force and effect notwithstanding such illegality, invalidity or unenforceabilty.

13 Notices and Communications

13.1 Any notice or other communication given or made under or in connection with the matters contemplated by this Guarantee shall be in writing and sent by hand, post or facsimile transmission.

13.2 Any notice or other communication shall be addressed as provided in sub-clause 13.3 and, if so addressed, shall be deemed to have been duly given or made as follows:

(A) if sent by hand, upon delivery at the address of the relevant party:

(B) if sent by post, upon actual receipt thereof;

(C) if sent by facsimile, upon actual legible receipt thereof.

13.3 the relevant addressee, address, and facsimile number of each party for the purposes of this Guarantee, subject to sub-clause 13.3 are:

(A) Abitibi-Consolidated Inc.
1155 Metcalfe
Suite 800
Montreal
Quebec H3 5H2
Canada Fax No: 00 1 514 875 6284

(B) National Power PLC
Centre Court
1301 Stratford Road

Hall Green
Birmingham
B28 9HH Fax No: 0121 702 1031

13.4 Any party may notify the other party of a change to its name, relevant addressee, address or facsimile number for the purposes of sub-clause 13.3.

14 Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of England and Wales, and the parties hereby submit themselves to the exclusive jurisdiction of the Courts of England and Wales.

The Guarantor hereby appoints Messrs Nabarro Nathanson of 50 Stratton Street, London W1X 6NX (attention: Robert Tudway) as its agent to accept service of process on its behalf in any proceedings in England.

IN WITNESS WHEREOF the Guarantor has caused this Guarantee to be executed and delivered as its Deed on the day and year first before written.

EXECUTED and DELIVERED
as a Deed by Abitibi-Consolidated Inc.

acting by its authorised signatories in the presence of:

W.H. Sheffield

Name: BILL SHEFFIELD
Title: Executive Vice-President, Strategic Planning and Marketing

Name: JACQUES VACHON
Title: Senior Vice-President, Corporate Affairs

EXHIBIT "2" TO THE PROOF OF CLAIM OF COGEN

· BPCL Am F07

Innogy Cogen Limited
Cogen Court, Cranmore Boulevard
Shirley, Solihull, West Midlands B90 4LN
Tel 0121 506 8000 Fax 0121 506 8001
www.cogenuk.com

Cogen™
an Innogy business

22 November 2000

Bridgewater Paper Company Limited
North Road
Ellesmere Port
South Wirral
L65 1AF

For the attention of Mr M Bookbinder

Dear Sirs,

Re: **Energy Supply Contract**

In accordance with sub-clause 24.5 of the Energy Supply Contract made between National Power PLC and Bridgewater Paper Company Limited ("BPCL") and dated 3 August 1998 (the "Contract") Innogy plc hereby gives BPCL notice of its intention to assign and transfer all of its rights and obligations under the Contract to Innogy Cogen Limited, a wholly owned subsidiary of Innogy plc, with effect from 24 November 2000.

Commencing 24 November 2000 please address all communications regarding the Contract to:

Innogy Cogen Limited
Cogen Court
Cranmore Boulevard
Shirley
Solihull
B90 2LN

Attention: Commercial Account Manager

Yours faithfully,

Mark Binnersley
Director, Innogy Cogen Limited

EXHIBIT R-3

From: International Power plc
Senator House
85 Queen Victoria Street
London
EC4V 4DP

To: Abitibi-Consolidated Inc.
1155 Metcalfe
Suite 800
Montreal
Quebec
H3B 5H2

Dated: 26 May 2005

Dear Sirs,

Notice of assignment

We refer to the Parent Company Guarantee dated 22 February 1999 issued by you in our favour relating to the obligations of Bridgwater Paper Company Limited under an Energy Supply Contract dated 3 August 1998 (the "PCG").

We hereby give you notice pursuant to clause 9 of the PCG that on the date hereof, International Power plc assigned to Npower Cogen Limited of Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, SN5 6PB all its right, title, interest and benefit in and to the PCG.

Please refer all future correspondence in respect of the PCG to Npower Cogen Limited at Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, SN5 6PB.

Yours faithfully,

Signed by ....

for and on behalf of
International Power plc

DATED 26 May 2005

DEED OF ASSIGNMENT

between

INTERNATIONAL POWER PLC

and

NPOWER COGEN LIMITED

THIS DEED is dated 26 May 2005

PARTIES

(1) **INTERNATIONAL POWER PLC** incorporated and registered in England and Wales with company number 2366963 whose registered office is at Senator House, 85 Queen Victoria Street, London, EC4V 4DP (**Assignor**).

(2) **NPOWER COGEN LIMITED** incorporated and registered in England and Wales with company number 2624987 whose registered office is at Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, SN5 6PB (**Assignee**).

BACKGROUND

(A) The Assignor is the current beneficiary of a Parent Company Guarantee dated 22 February 1999 issued by Abitibi-Consolidated Inc. (**PCG**).

(B) The Assignor has agreed to assign to the Assignee its rights under the PCG upon the terms set out below.

AGREED TERMS

1. ASSIGNMENT

The Assignor hereby assigns to the Assignee the full benefit (in each case, so far as the Assignor can assign the same and subject to the burden thereof) of such rights as it may have under or in connection with the PCG.

2. GOVERNING LAW

2.1 This deed and any disputes or claims arising out of or in connection with its subject matter are governed by and construed in accordance with the law of England.

2.2 The parties irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this deed.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Executed as a deed by
INTERNATIONAL POWER PLC
acting by:

....
Director

....
Director/Secretary

Executed as a deed by NPOWER
COGEN LIMITED acting by:

....
Director

....
Director/Secretary

EXHIBIT R-4

abitibi bowater

July 07, 2009

Npower Cogen Limited
Windmill Hill Business Park
Whitehill Way
Swindon, Wiltshire
SN5 6PB

Re: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc. and their affiliates listed in the Order (the "Petitioners")

Parent Company dated 22 February 1999 issued by Abitibi-Consolidated Inc. in your favour relating to the obligations of Bridgewater Paper Company Limited under an Energy Supply Contract dated 3 August 1998 (the "Guarantee").

Dear Supplier,

On April 17, 2009, the Petitioners sought and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to the Initial Order of Mr. Justice Gascon of the Québec Superior Court (the "Initial Order"). A copy of the Initial Order, as amended, is available at www.ey.com./ca/abitibibowater.

Pursuant to paragraph 46(f) of the Initial Order, the Petitioners have the right, subject to the approval of Ernst & Young Inc., the Court Appointed Monitor, to repudiate such of their agreements, contracts or arrangements of any nature whatsoever, whether oral or written, as they deem appropriate, in order to facilitate the orderly restructuring of their business and financial affairs.

Abitibi-Consolidated Inc. hereby gives you notice that it is repudiating the Guarantee effective immediately.

The consequences of this repudiation will be dealt with in the plan to be submitted to the creditors in accordance with the CCAA and the Initial Order.

Yours truly,

Sophie Rossignol
Sophie Rossignol
AbitibiBowater
Legal Counsel

c.c.: Ernst & Young Inc.

EXHIBIT R-5

BAKER & MCKENZIE

Baker & McKenzie LLP73
Barristers & Solicitors
Brookfield Place
181 Bay Street, Suite 2100
P.O. Box 874
Toronto, Ontario, Canada M5J 2T3

Tel: +1 416 863 1221
Fax: +1 416 863 6275
www.bakernet.com

Reply to: Lydia Salvi
+1 416 865 6944
Lydia.Salvi@bakernet.com

BY TELEFAX

11 August, 2009

Stikeman Elliott LLP
1155 René–Lévesque Blvd. West
40th Floor
Montréal (Québec) H3B 3V2
Fax: (514) 397-3212

Attention: Marc B. Barbeau
Guy P. Martel

Dear Marc/Guy:

Re: Abitibi – repudiation letter – proposed response

We represent Npower Cogen Limited ("Cogen"). We write in response to the attached letter to Cogen dated July 7, 2009 from Ms. Rossignol of Abitibi Bowater which provides notice to Cogen that Abitibi-Consolidated Inc. (**"Abitibi"**) is purporting to repudiate the guarantee dated February 22, 1999 from Abitibi in favour of Cogen (**"Guarantee"**) relating to the obligations of Bridgewater Paper Company Limited under the energy supply contract dated August 3, 1998. Cogen does not accept such purported repudiation as it is not within the scope of the powers conferred by the Second Amended Initial Order dated May 6, 2009 (**"Initial Order"**) and the case law interpreting such powers, and is, in consequence, of no force and effect. We take this position for the following reasons:

1. The purported repudiation of the Guarantee does not comply with Section 46(f) of the Initial Order. Section 46(f) provides that:

   to facilitate the orderly restructuring of their businesses and financial affairs (the "Restructuring"), the Petitioners and Partnerships shall have the right, **subject to approval of the Monitor** or further order of the Court and to:

   (f) repudiate such of their agreements, contracts or arrangements of any nature whatsoever, whether oral or written, as they deem appropriate, **on such terms as may be agreed between the Petitioners or Partnerships and the relevant party**, or failing such agreement, to make provision for the consequences thereof in the Plan and to negotiate any amended or new agreements or arrangements.

2. At no time was Cogen consulted with prior to being provided with said notice to try to negotiate terms of repudiation.

3. The purported repudiation of the Guarantee does not comply with the limits imposed by the case law interpreting the power of a CCAA debtor to repudiate contracts as:

   (a) the Guarantee is not capable of repudiation as based on CCAA case law, non-executory, financial contracts are not capable of repudiation; and

   (b) Abitibi has not met the test set by CCAA case law to exercise its power to repudiate namely, that (i) the repudiation is necessary to permit a viable plan, not simply a way to make the plan more profitable; and (ii) the repudiation is fair and reasonable, including the terms of repudiation and the treatment of the claim upon repudiation.

4. Finally, we note that, in accordance with the Initial Order, the Monitor must approve the repudiation. Can you kindly provide us with written evidence of the Monitor's approval?

We hereby reserve Cogen's rights and remedies including its rights to further object to the purported repudiation and to seek to have the issue determine by the Court, should that become necessary.

Should you have any questions, please do not hesitate to contact me.

Yours truly,
BAKER & MCKENZIE LLP

Lydia Salvi

LS/sf

C.C. Ernst & Young Inc.
800 René–Lévesque Blvd. West
Suite 1900
P.O. Box 4500, Station B
Montréal (Québec) H3B 1X9
Fax: (514) 871-8713

Attention: Martin Daigneault (Monitor)
Alex F. Morrison

EXHIBIT R-6

Feeney, Renya

From:	Phillip.Piddington@RWEnPower.com
Sent:	Friday, September 19, 2008 3:59 AM
To:	kevin.ansell@RWEnpower.com
Subject:	FW: NDA - Npower
Attachments:	NDA NPower re idling v final.doc

FYI

-----Original Message-----
From: thor.thorsteinson@Abitibibowater.com [mailto:thor.thorsteinson@Abitibibowater.com]
Sent: 18 September 2008 17:54
To: Piddington, Phillip
Cc: Allen Dea
Subject: Fw: NDA - Npower

Sorry but this should have had my comments with it.

It looks like we have an agreement on the NDA so could you please print a copy, sign it and fax it to Allen Dea at 514-394-2267.

Unfortunately since I am no longer an employee I need a company officer to sign for AbitibiBowater. Allen is our Controller who is actively involved with the Bridgewater mill inside our company. He will sign it and fax you back a completed copy.

Since is already late on Thursday I expect we cannot talk this week. I will arrange a time to call or meet you next week. My preference is to meet you though I am not sure it fits either of our schedules. Are you in the UK next week and is there any particular day that I could possibly meet you even if we need to meet outside the London area?

Thank you for your help in getting this done and my apologizes for the delay.

Thor

----- Original Message -----

From: Thor Thorsteinson
Sent: 18/09/2008 12:43 PM
To: "Phillip Piddington" <Phillip.Piddington@RWEnPower.com>
Subject: Fw: NDA - Npower

----- Original Message -----

From: Sophie Rossignol
Sent: 18/09/2008 08:21 AM
To: Thor Thorsteinson

Subject: NDA - Npower

Thor,

Please find attached the final version of the NDA.

(See attached file: NDA NPower re idling v final.doc) --

Sophie Rossignol
Avocate / Legal Counsel
AbitibiBowater
1155, rue Metcalfe, bureau 800
Montréal (Québec), Canada H3B 5H2
Tél. 514.394.2373
Téléc. 514.394.3644
Sophie.Rossignol@abitibibowater.com

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("**Agreement**") is entered into as of ________________, 200_ between AbitibiBowater Inc. ("**Abitibi**") and RWE Npower plc (the "**Entity**").

WHEREAS Abitibi will be providing you with certain oral and written information relating to the possible idling of its Bridgewater mill ("Bridgewater Idling").

NOW, THEREFORE, Abitibi and the Entity agree as follows:

1. **Definitions.** In this Agreement,

"**Affiliate**" of a party means any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such party.

"**Discloser**" means the party that provides Information.

"**Information**" means all non-public, confidential or proprietary materials and information relating to the respective businesses and operations of Discloser and its Affiliates, whether owned by them or third parties, that is disclosed by Discloser or its Representatives or is acquired in the course of discussions or investigations, in whatever form provided, and includes, without limitation: (a) financial information; (b) business plans, products and services, marketing and sales information, customer lists, volumes and pricing information; (c) purchasing information; (d) employee lists, policies and files; (d) trade secrets, operating and training procedures, production processes, research and development data, samples, test results, formulas, designs, specifications, know-how, inventions and ideas, improvements, discoveries, software (including passwords and source and object code), database technologies, and any other intellectual property and other technical information; (e) all agreements and transaction information; (f) all notes, summaries, studies, analyses and other material that are prepared by Recipient or its Representatives and contain or are generated from Information; and (g) the fact that Information was made available by Discloser and that the parties are evaluating and having discussions concerning the Bridgewater Idling, including the status and proposed terms thereof.

"Information" does not include information that: (i) is or becomes generally known by or available to the public other than as a result of a disclosure by Recipient or its Representatives in breach of this Agreement; (ii) Recipient can show, by competent evidence, was known to it or any of its Representatives on a non-confidential basis prior to disclosure thereof to Recipient or its Representatives; (iii) becomes available to Recipient or any of its Representatives on a non-confidential basis from a source other than Discloser or its Representatives, provided that such source is not known to Recipient or such Representative to be subject to any prohibition against transmitting such information to it; or (iv) is independently developed by Recipient or any of its Representatives without reliance on the Information.

"**Recipient**" means the party that receives Information.

"**Representatives**" of a party includes all Affiliates of such party as well as the employees, officers, directors, managers, agents, and accounting, financial, professional, legal and other advisors and representatives of such party, and those of its Affiliates.

2. **Use and Disclosure Restrictions.** Recipient acknowledges that all Information is valuable and confidential to Discloser and its Affiliates, remains their respective property and will be kept by Recipient and its Representatives in strict confidence. Recipient will only use or copy the Information for the purpose of evaluating and, if agreed, implementing the Bridgewater Idling. Recipient will not, directly or indirectly, disclose Information to any person, except (a) on a confidential basis to its Representatives who need to know such Information for the above purpose, (b) as specifically consented to in writing by Discloser or (c) in accordance with Section 4. Recipient will exercise reasonable care to preserve the confidentiality of the Information and will employ at least the same safeguards as it uses to protect its own confidential information of a similar nature. Recipient will be responsible for all uses, copying and disclosures of Information by its Representatives, for their compliance with this Agreement and for any breach of this Agreement by any of them.

3. **Inquiries.** Recipient will discuss and permit its Representatives to discuss the Information only with the following Representatives of Discloser and the others whom Discloser may from time to time designate to Recipient:

Abitibi's designated Representatives:	Entity's designated Representatives:
Allen Dea	Phillip Piddington
Thor Thorsteinson	Kevin Ansell

4. **Legally Required Disclosure.** If Recipient or any of its Representatives becomes legally compelled (whether by law, rule, regulation, subpoena or similar court or other lawful process) to disclose Information, Recipient will promptly notify Discloser so that Discloser may (but it need not) seek a protective order or other appropriate remedy, with Recipient's cooperation, or waive compliance with the provisions of this Agreement. In any event, Recipient and its Representatives will furnish only that portion of the Information which, based on advice of legal counsel, it believes is legally required and will exercise reasonable efforts to obtain reliable assurances that confidential treatment will be accorded to such Information.

5. **Return and Destruction of Materials.** If a party determines that it does not wish to proceed with the Bridgewater Idling, it will promptly notify the other party. Promptly after the Discloser's request, Recipient will return all Information consisting of original documents received from Discloser or its Representatives and it will destroy all other Information that is in tangible form and is in its or its Representatives' possession, without retaining copies. Recipient, however, will have no obligation to retrieve and destroy Information stored and retained on its or its Representatives' back-up data storage systems and tapes as part of their respective ordinary course procedures or as required by law. In addition, Recipient may retain one copy of Information with its legal counsel for archival or compliance purposes. Promptly after the Discloser's request, Recipient will certify such return or destruction in writing.

6. **Term.** Recipient and its Representatives will continue to be bound by their obligations of confidentiality and other obligations hereunder for a period of three (3) years from the date of this Agreement.

7. **No Representations.** Discloser retains the right, in its sole discretion, to determine the scope of Information that it will make available to Recipient. Discloser will use reasonable efforts to ensure the accuracy and reliability of the Information it provides but Discloser provides all Information to Recipient *"as is"* and does not guarantee its accuracy or reliability. Neither Discloser nor any of its Representatives makes any representation or warranty as to the accuracy or completeness of Information or will have any liability to Recipient or any of its Representatives as a result of errors in or omissions from any Information or the use of or reliance upon any Information by any of them, except for those specific representations and warranties, if any, that may be provided in a separate definitive agreement relating to implementation of the Bridgewater Idling if and when executed between the parties and subject to the terms and conditions therein.

8. **No Right Granted.** Nothing in this Agreement is intended to grant to Recipient or any of its Representatives any intellectual property right or license or any other rights or interest for, in or to the Information.

9. **Indemnity**. Recipient agrees to indemnify and hold Discloser and its Representatives harmless from any and all liability arising from the use, copying or disclosure of any Information by Recipient or any of its Representatives otherwise than in accordance with this Agreement.

10. **Injunctive Relief.** Each party acknowledges that a breach by it or any of its Representatives of any obligations contained in this Agreement may cause the other party irreparable harm for which damages may not be an adequate remedy. Accordingly, in the event of any such actual or apprehended breach by a party or any of its Representatives, the other party will be entitled to the remedy of specific performance and to preliminary, provisional, interim, temporary, interlocutory and permanent injunctive relief, in addition to any other remedy to which it may be entitled at law or in equity. The other party need not demonstrate irreparable harm, deposit any security or post any bond as a condition to any remedy. The prevailing party in that litigation will be entitled to payment of its legal fees and disbursements, court costs and other expenses of enforcing, defending or otherwise protecting its interest hereunder.

11. **<u>Notices.</u>** Notices and other communications under this Agreement must be given in writing and delivered by hand, by prepaid registered mail, by fax transmission or by recognized messenger service, at the following addresses (or to the other address as the addressee has previously specified by notice):

If to Abitibi:	If to the Entity:
AbitibiBowater Inc. 1155 Metcalfe Street, Suite 800 Montreal, Quebec Canada H3B 5H2 Attention: Legal Department Fax: 514.394.3644	RWE Npower plc [Windmill Hill Business Park Whitehill Way, Swindon, Wiltshire SN5 6PB United Kingdom Attention: [Phillip Piddington][Kevin Ansell] Fax:: +44 (0)121 [50 68 050]

12. **<u>Entire Agreement.</u>** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements with respect thereto. This Agreement may be executed in several counterparts (including by facsimile signatures), each of which when so executed will be deemed an original and all of which together will constitute one and the same agreement.

13. **<u>Waiver and Amendment.</u>** The provision of any Information will not diminish in any manner or constitute a waiver of any privilege or protection applicable to that Information. No failure or delay by a party in exercising any right or privilege under this Agreement will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or future exercise of any right or privilege hereunder. This Agreement may not be amended or waived in any manner whatsoever, except by a writing signed by the parties.

14. **<u>Binding Effect and Assignment.</u>** This Agreement will be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. Neither party may assign or transfer any of its rights, interests or obligations under this Agreement, except with the prior written consent of the other party, such consent not to be unreasonably withheld or delayed. Nothing in this Agreement is intended to create any obligation to proceed with any Bridgewater Idling or to create any agency, partnership or joint venture between the parties.

15. **<u>Interpretation.</u>** The provisions of this Agreement are severable and, if any provision of this Agreement is held invalid or unenforceable in any jurisdiction, that invalidity or unenforceability will not affect or render invalid or unenforceable that provision in any other jurisdiction or any other provision in any jurisdiction. This Agreement will be governed by and construed in all respects in accordance with the laws of England and the parties irrevocably agree that the Courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement. The parties have expressly required that this Agreement and all documents and notices related thereto be drafted in English only. *Les parties aux présentes ont expressément exigé que la présente convention et tous les documents et avis y afférents soient rédigés en anglais seulement.*

EXECUTED by the parties as of the date first written above:

AbitibiBowater Inc.	RWE Npower plc
By: ______________________	By: ______________________
Name: Allen Dea	Name: Phillip Piddington, Kevin Ansell
Title: ______________________	Title:

ABITIBI
CONSOLIDATED

Abitibi-Consolidated Inc.
1155, Metcalfe Street, Suite 800
Montréal, Québec, Canada H3B 5H2
Tel. 514-875-2160

Mr. Phillip C Piddington Esq.
Head of Cogen Asset
Npower Cogen - Cogen Court
Cranmore Boulevard
Shirley
Solihull B90 4LN

November 4, 2008

<u>Bridgewater/Npower Energy Supply Contract</u>

Dear Phillip,

Thank you for meeting with Thor and myself on October 23rd for another constructive session relating to your Energy Supply Contract with our subsidiary, Bridgewater.

As discussed, we are in the middle of a strategic review of our capacity needs, and this includes a review of the Energy Supply Contract. As discussed in our meeting, we have given further thought to revising the formula for agreeing the termination value as follows:

Agreed residual value of energy contract	(X)
Less	
(a) Value of CHP plant operating as a 'peaking plant'	(Y_1)
(b) Value of Vauxhall contract attributable to Bridgewater	(Y_2)
(c) "Exceptional" profit generated by Npower for period to closure	(Y_3)
Agreed termination value	**(Z)**

We will continue to work with you in an open process to assess the value of the above items. We agree to the concept of using an independent consultant to determine the value of Y_1 in (a) above. We agree that the benefit to Npower of the Vauxhall contract (which would involve the transfer of the freehold over parts of the land of Bridgewater) should be shared equally between Bridgewater and Npower (Y_2). Finally, rather than us agreeing a side letter to take account of the reduction of energy costs to Bridgewater under the proposed renegotiation of the energy contract, we propose that the proposed monthly reduction in costs up to the time of any termination should be deducted from the residual value of the energy contract (Y_3).

I believe that this provides a practical way forward and I look forward to hearing from you. The discussion at our meeting and the contents of this letter remain subject to the terms of the confidentiality letter agreed between us.

Please do not hesitate to make contact with Thor Thorsteinson or myself if you have any questions.

Yours sincerely,

Allen Dea, V.P. and Treasurer

Feeney, Renya

From: Allen.Dea@Abitibibowater.com
Sent: Thursday, November 13, 2008 11:24 AM
To: kevin.ansell@RWEnpower.com
Cc: Phillip.Piddington@RWEnPower.com; thor.thorsteinson@Abitibibowater.com
Subject: Re: Bridgewater / Npower Energy Contract

Kevin,

In response to your email, the value (x) or the "Agreed residual value of energy contract" relates to the termination value on the contract (i.e., the current Transfer Charge) as adjusted for appropriate risk factors. We are happy to discuss further what those risk factors (and their appropriate level) should be and I suggest that we explore this at our meeting next week. However, in the meantime I am keen to ensure that we are working from the same starting point, that is from the Transfer Charge level of £52 million which formed the basis of our previous discussions and not by reference to some higher figure.

In relation to the value of the CHP plant as a peaking facility, we agree to jointly instruct EnergyLink to undertake their study on its use in this capacity and understand that they will give initial feedback on their work by the middle of next week. The basis of EnergyLink's instructions and their work product should be completely transparent between us, and to achieve that I would request that all instructions, working assumptions, draft reports and any other communications to and from EnergyLink should be copied to all parties. I would appreciate it if you could please advise EnergyLink accordingly when confirming instructions for them to proceed.

As agreed with Phillip, we will meet next Thursday in London.

Regards,

Allen Dea
V.P. and Treasurer

<kevin.ansell@RWEnpower.com>

2008-11-07 13:32

A <Allen.Dea@Abitibibowater.com>
CC <Phillip.Piddington@RWEnPower.com>, <thor.thorsteinson@Abitibibowater.com>
Objet Re: Brudgewater / Npower Energy Contract

Allen,

Thank you for your email and letter proposing a revised formula for agreeing the termination value "(Z)". Phil and I have reviewed the letter and would appreciate your clarification on a couple of the items in order that we can evaluate this approach.

You have described value (X) as the "*agreed residual value of energy contract*". We interpret this to mean the Net Present Value of the profit generated by the current contract. Could you confirm this is your definition of the phrase?

Assuming our interpretations are the same, do you have a proposal for how we agree this figure? Obviously the calculation will be sensitive to the respective views taken of forward prices for gas, power and other relevant indecies as well as discount factors etc. Any views you have on this will help us move forward that much more quickly.

Regards,

Kevin Ansell

Senior Asset Manager

Cogen Court, Cranmore Boulevard, Shirley, Solihull, B90 4LN.
T: +44 (0)121 506 8072
Fax: +44 (0)121 506 8052
Mobile: +44 (0)7989 494355

ı

Feeney, Renya

From: Allen.Dea@Abitibibowater.com
Sent: Thursday, November 13, 2008 3:25 PM
To: kevin.ansell@RWEnpower.com
Cc: Phillip.Piddington@RWEnPower.com; thor.thorsteinson@Abitibibowater.com
Subject: RE: Bridgewater / Npower Energy Contract

Kevin ,

Regarding EnergyLink , do not hesitate to include Dafydd Evans from Close Brothers as our representative when you communicate with them .

Thanks ,

Allen .

<kevin.ansell@RWEnpower.com>

2008-11-13 14:05

A <Allen.Dea@Abitibibowater.com>
cc <Phillip.Piddington@RWEnPower.com>, <thor.thorsteinson@Abitibibowater.com>
Objet RE: Bridgewater / Npower Energy Contract

Allen,

Thank you for providing the clarification we requested, as you might expect, we do have different view of the 'residual value of the energy contract' however, we will no doubt discuss this at some length next Thursday.

I will arrange for correspondence with EnergyLink to date to be copied to you and will ensure that they understand that communications, output and charges should be clearly shared between all parties. In order to meet the timescale for our meeting next week it has been necessary to initiate this work already and for your information a tele-conference has already taken place between EnergyLink's modellers and our technical people to establish the plants parameters / capabilities. These will, I'm sure, be clear in the assumptions information with the model output.

I look forward to our next meeting.

Regards,

Kevin.

Kevin Ansell

Senior Asset Manager

Cogen Court, Cranmore Boulevard, Shirley, Solihull, B90 4LN.
T: +44 (0)121 506 8072
Fax: +44 (0)121 506 8052
Mobile: +44 (0)7989 494355

From: Allen.Dea@Abitibibowater.com [mailto:Allen.Dea@Abitibibowater.com]
Sent: 13 November 2008 16:24
To: Ansell, Kevin
Cc: Piddington, Phillip; thor.thorsteinson@Abitibibowater.com
Subject: Re: Bridgewater / Npower Energy Contract

Kevin,

In response to your email, the value (x) or the "Agreed residual value of energy contract" relates to the termination value on the contract (i.e., the current Transfer Charge) as adjusted for appropriate risk factors. We are happy to discuss further what those risk factors (and their appropriate level) should be and I suggest that we explore this at our meeting next week. However, in the meantime I am keen to ensure that we are working from the same starting point, that is from the Transfer Charge level of £52 million which formed the basis of our previous discussions and not by reference to some higher figure.

In relation to the value of the CHP plant as a peaking facility, we agree to jointly instruct EnergyLink to undertake their study on its use in this capacity and understand that they will give initial feedback on their work by the middle of next week. The basis of EnergyLink's instructions and their work product should be completely transparent between us, and to achieve that I would request that all instructions, working assumptions, draft reports and any other communications to and from EnergyLink should be copied to all parties. I would appreciate it if you could please advise EnergyLink accordingly when confirming instructions for them to proceed.

As agreed with Phillip, we will meet next Thursday in London.

Regards,

Allen Dea
V.P. and Treasurer

<kevin.ansell@RWEnpower.com>

2008-11-07 13:32

A <Allen.Dea@Abitibibowater.com>

cc <Phillip.Piddington@RWEnPower.com>, <thor.thorsteinson@Abitibibowater.com>

Objet Re: Brudgewater / Npower Energy Contract

Allen,

Thank you for your email and letter proposing a revised formula for agreeing the termination value "(Z)". Phil and I have reviewed the letter and would appreciate your clarification on a couple of the items in order that we can evaluate this approach.

You have described value (X) as the "*agreed residual value of energy contract*". We interpret this to mean the Net Present Value of the profit generated by the current contract. Could you confirm this is your definition of the phrase?

Assuming our interpretations are the same, do you have a proposal for how we agree this figure? Obviously the calculation will be sensitive to the respective views taken of forward prices for gas, power and other relevant indecies as well as discount factors etc. Any views you have on this will help us move forward that much more quickly.

Regards,

Kevin Ansell

Senior Asset Manager

Cogen Court, Cranmore Boulevard, Shirley, Solihull, B90 4LN.
T: +44 (0)121 506 8072
Fax: +44 (0)121 506 8052
Mobile: +44 (0)7989 494355

EXHIBIT R-7

Message from the Chairman and the President and Chief Executive Officer

Last year proved to be extremely difficult for AbitibiBowater. Grappling with the continued contraction of the North American newsprint market, we began 2009 having curtailed paper production capacity by about 1 million metric tons. With the deadline for refinancing the Company's coming debt maturities, AbitibiBowater's difficulties were exacerbated by the global economic recession and ongoing volatility in exchange rates as well as energy and fiber costs.

In mid-March, the Company announced plans to recapitalize $2.4 billion in debt. Due to the prevailing financial environment and credit crisis, we were unable to complete these recapitalization efforts and were forced to seek other solutions. In mid-April 2009, having concluded there were no viable alternatives, the Company obtained court protection in the United States, under Chapter 11 of the Bankruptcy Code, and in Canada, under the Companies' Creditors Arrangement Act (CCAA). While we recognize the harsh consequences of these developments for our stakeholders, without the protection of the courts, AbitibiBowater would not have been able to meet its obligations to creditors. Through this court-led process, the Company is now in a position to restructure for the future.

As part of the creditor protection proceedings, the Company entered into commitments for debtor-in-possession (DIP) financing totalling approximately $300 million, as well as an amendment providing for the continuation of an existing accounts receivable securitization program. The DIP financing included a loan from a commercial bank of $100 million guaranteed by Investissement Québec, which provided additional liquidity that has helped the Company continue to operate in the normal course. AbitibiBowater and its employees appreciate this demonstration of support and confidence from Investissement Québec, the Quebec government and our other financial partners.

We are also grateful for the patience and loyalty shown by our customers and suppliers during the post-filing stabilization period, enabling us to avoid any serious business interruptions.

In the months since the filings, Company management, with the support of the Board of Directors, continued to reduce costs and actively manage working capital while striving to reach a negotiated settlement of claims with creditors and put in place a comprehensive restructuring plan. Incentive compensation programs were suspended and we introduced a new, streamlined executive structure. In August, we announced an ongoing initiative to reduce selling, general and administrative costs by $100 million from 2008 levels through additional austerity measures. We also announced, in September, a focused downtime initiative that entailed the indefinite idling or curtailment of certain unprofitable newsprint and commercial printing paper operations, representing an additional 1.3 million metric tons of production.

The sale of non-core assets is another key element of our overall restructuring. During the third quarter of 2009, we completed the sale of select Quebec timberland assets for C$53 million in cash. This was followed in December by the sale to a Hydro-Québec affiliate of the Company's 60 percent indirect interest in a 335-megawatt hydroelectric facility owned and operated by Manicouagan Power Company for gross proceeds of C$615 million. Part of these proceeds was used to repay the DIP credit facility that had been guaranteed by Investissement Québec. The Company announced in February that its Bridgewater Paper Company Limited subsidiary had filed for administration in the United Kingdom after all other options to keep the U.K. operations solvent had been exhausted.

On February 25, 2010, the Company filed a Notice of Arbitration under the North American Free Trade Agreement (NAFTA) with regards to the expropriation of its assets and rights in Newfoundland and Labrador, Canada. The Company contends that the provincial government's expropriation was arbitrary, discriminatory and illegal under international law, and is seeking direct compensation for damages of approximately C$500 million, plus additional costs and relief. AbitibiBowater had been engaged with the governments of Canada and Newfoundland and Labrador in an effort to achieve a fair and equitable settlement and avoid a protracted NAFTA case.

AbitibiBowater's ongoing efforts to restructure and emerge from its Chapter 11 and CCAA creditor protection filings continue to progress, buoyed by recent indications of modest improvements in demand trends and pricing for pulp and paper products, including newsprint.

Claims procedures by which specified creditors can make claims against the Company have been established and approved by the courts. At the time of writing, we are working to put in place the final elements required to complete our restructuring plans, including the renegotiation of collective agreements and the resolution of issues relative to pension fund deficits.

The initiatives outlined above are all part of our comprehensive undertakings to reshape AbitibiBowater for the future. Our aim is to finalize the restructuring plan and have it accepted by all creditors and approved by the Canadian and U.S. courts as soon as possible.

The two-and-a-half years since the merger of Abitibi-Consolidated and Bowater in October 2007 have been very difficult. We are determined to learn from the past. As we finalize our plan of emergence, we have an obligation to ensure that AbitibiBowater emerges as a leaner, financially stronger, more sustainable organization.

Many companies have gone through a similar process and emerged as very successful business entities. We are confident that will prove to be the case with AbitibiBowater and look forward to turning the page.

David J. Paterson
President and
Chief Executive Officer

Richard B. Evans
Chairman

April 2010

EXHIBIT R-8

npower

Bridgewater Paper Company Limited
North Road
Ellesmere Port
South Wirral
Cheshire
CH65 1AF

Fax: 0151 357 6266

FAO: Mr B Benson

22 April 2009

Dear Barry,

Energy Supply Contract dated 3 August 1998 ("the ESC")

We understand from the www.abitibibowater.com website that, on 16 April 2009, AbitibiBowater Inc and certain of its US and Canadian subsidiaries filed for Chapter 11 bankruptcy protection in the US. Those companies intend also to file for CCAA creditor protection in Canada today. We understand that Bridgewater Paper Company Limited ("BPCL") has not entered an insolvency procedure. Please confirm that this is the case and that BPCL does not intend to enter an insolvency procedure.

We understand that the funds for the payment of our invoices are provided by your parent company in Montreal. That company's filing for bankruptcy indicates that it may no longer provide funds for the payment of our invoices. We are concerned, therefore, that BPCL will be unable to pay our invoice dated 8 April 2009 on its due date (28 April) and will similarly be unable to pay our future invoices.

Please respond in writing by 5.30 pm on Thursday 23rd April 2009 to let us know whether you will be able to pay our invoices and, if so, the source of the funds. If we do not receive a satisfactory response by that deadline, that will be evidence that BPCL is unable to pay its debts as they fall due. We would then have to consider:

(a) terminating the ESC pursuant to clause 17.3(b)(vi), thereby causing the Transfer Charge to fall due pursuant to clauses 17.4 and 9.11; and/or

(b) taking such other enforcement steps as we deem appropriate, potentially including the commencement of insolvency proceedings against BPCL.

Given the evidently precarious state of BPCL's finances, we trust that BPCL's directors are taking personal legal advice as to whether it is in the interests of BPCL and its creditors to continue trading.

Yours sincerely,

Kevin Ansell
Senior Asset Manager

Cogen
npower

From: Besant, Chris
Sent: Saturday, August 07, 2010 11:40 PM
To: 'Sean Dunphy'
Cc: 'Leanne Williams'; 'Joseph Reynaud'; 'Stephen W. Hamilton'; 'Sophie Rossignol'; Spizzirri, Frank; Salvi, Lydia
Subject: COgen re ACI- Disclosure/Issue -- Request, Response + Reply
Hi Sean and Joseph
cc ALL

Point 1 and 2 - Motion re Post Filing Supply/Interim Relief --
We would like to arrange with you to have the motion put before the court on Sept 1 for scheduling and interim relief to ensure that the motion is not rendered nugatory by the plan. We are proposing to circulate that motion to you in draft next week as you requested. We understand that as long as the motion is served about a week before the Sept 1 scheduling hearing date, that this will be sufficient time to ensure it is on the docket to be dealt with. If we can work on interim terms with you in the meantime, the Sept 1 appearance will be shortened.

Point 3 - Issues
I agree that the discussion was helpful as is your email

On point 3a,(Deduction re Plant residual Value) please note that our position is not simply that the value of the deduction is the issue, but whether as a matter of contractual interpretation, any deduction is required at all.
The carbon credit information was provided today.

With respect to your general comment about the status of the Post filing Supply claim, we have not conceded that it is not within the claims process, and the claims officer while expressing hesitation has not ruled on the point. The uncertainty over whether the claims officer will deal with it is one reason why the motion is being brought. A second is interim relief. A third is that aspects of the i9mplementation of the ultimate relief sought may require court orders.

As a general matter, we should highlight that the running through your summary of the COgen claim is that it is a guaranty claim. It is not simply a guarantee claim. It is also a tort claim, by way of oppression and otherwise and against directors as well as the company. A number of your responses to the document requests are predicated on what we think is too narrow a characterization of the claim - i.e. missing the second limb of the claim - tortious conduct. We feel that the documents requested are directly relevant to the alleged tortious conduct, and that COgen is a directly injured party with status to request them.

Point 4 - Assignment
Your confirmation that this issue is now officially off the table is greatly appreciated as it simplifies the materials we are preparing to deliver to you by August 10 under the claims procedure.

Point 5 - Procedure
As noted above, we have not conceded that the post filing claims issues are outside the claims process and the claims officer has not yet ruled on the point, but we agree a motion is also desirable and will be filing one and circulating a draft to you next week. We have not yet decided if this really makes any difference, but we don't want to concede the point before we have had sufficient time to consider our view and the nuances of the orders etc. With the effort at complying with the relatively short Aug 10 claims argument deadline and getting you a draft motion, we will likely not get to a view on that p[oint before we file our materials in the claims process on August 10, but we can discuss it after that.

Point 6 - Disclosure Requests

As a general matter, we do not agree with your positions on declining to make disclosure of the documents requested in points b through g and reserve the right to rely on negative inferences arising from non disclosure, as well as to seek relief in respect thereof.

To the extent that the post filing supply issue is part of the claims process if at all, this could also potential cause a delay in the ability of the claims officer to deal with that part of the case on August 26 and 27 while disclosure is being sorted out. it may be helpful to further discuss this next week.

We also have the following specific responses in addition to anything we may assert in the claims process submissions and

a - Plant Residual Value Documentation - we think we understand what your position is, but our concem is a practical one. As we have to file materials first, if there is some document you are going to rely on to support your claim, we think it should be provided now as the time to file reply is extremely short. otherwise it might cause a delay in the hearing schedule for August 26 and 27.

b and c. Support Commitments and related Documentation:
As noted above, your definition of the claim as arising solely from a guarantee rather than also sounding in tort and being against both the company and directors is in our view too narrow a definition of the issues raised in the proof of claim. The requested documents are directly and materially relevant to the tortious claim asserted. As you will see from our claims submission, the BPCL Administrator has indicated that ACI support was not withdrawn until January 22, 2010, leading the board to file for Administration on Feb 2.

d. EY Reports:
The CCAA debtors appear to have misconceived the request. The BPCL Administrator (EY-UK) has revealed in a report filed publicly that a specific report was commissioned by the BPCL board in July 2009. That was not a negotiation between BPCL and COgen, but a report to BPCL by EY-UK prior to it having any formal role in the administration of BPCL. We would like that report produced. It is reasonable to infer that the CCAA debtors have a copy, and that they can also request and obtain one from the BPCL administrator. We also would like production of the related correspondence, between any of the CCAA filing entities and BPCL Management and/or directors, concerning the request for the report, production of the report and the report itself and action to be taken in response to it, which we believe is similarly in the possession of or obtainable by the CCAA debtors.

There are further reports in October and December referred to in the BPCL Administration. We would like all of the EY UK reports prior to its formal appointment, and the related correspondence. That material is directly relevant to the tortious claim asserted, including without limitation to the interpretation of the effect scope and status of the Nov 10, 2009 order transferring BPCL UK assets to an Abitibi newco.

e. Materials re Asset Assignment to Abitibi Newco:
See our comments on points b through d. COgen is asserting a tort claim and has direct status as a result. We have read what is in the court file re the Nov 10, 2009 motion. There is a reasonable basis for inferences about the objectives and conduct of BPCL and ACI and their respective directors in that process.
Our clients request concems information not in those Nov 10 court materials, the existence of which has been revealed through other sources, including reports of the UK Administrator of BPCL.

f. Materials re Shutdown Decision
See the responses to b through e.
COgen has direct standing to assert a claim sounding in tortious conduct and to obtain documentary evidence reasonably and materially relevant to that claim. The materials requested satisfy that threshold.
The BPCL Administrator reveals that EY-UK was retained by BPCL to do a restructuring assessment in July, a contingency planning report in October and an "options analysis" in December. These materials are represented in board minutes publicly filed to have been specifically considered and relied on by the BPCL board at the end of January 2010 when it resolved to place the company in administration. The board minutes specifically also rely on the termination of ACI support for BPCL..
The requested materials appear to exist, are directly and materially relevant to the claim, and it is reasonable to infer that the CCAA Debtors have them or can obtain them from the Administrator.

g. Claims filed by CCAA Debtors against BPCL during the Administration
The claims are in the possession of the CCAA Debtors. They are directly relevant to a tortious claim asserted. They are not secret documents, and are filed in a UK Administration of a sister company of the CCAA Debtors with the sister company of the CCAA Monitor. Whether or not the CCAA Debtors agree with the claim asserted, there is no doubt they are relevant to that claim. Making disclosure is not an admission of the validity of the claim. It is simply making information available with respect to the issues raised by each side.

I hope this is of some assistance. We hope that our submissions will assist in refining and narrowing the issues. We look forward to continue the dialogue arising from our call which we thought, notwithstanding the areas of difference noted above, was quite productive.

Best regards,
Chris

Chris Besant
Partner
Baker & McKenzie LLP
Brookfield Place, Suite 2100
181 Bay Street, P.O. Box 874
Toronto, Ontario, Canada M5J 2T3
Tel: +1 416 865 2318
Fax: +1 416 863 6275

From: Sean Dunphy [mailto:SDunphy@stikeman.com]
Sent: Friday, August 06, 2010 3:04 PM
To: Besant, Chris
Cc: 'Leanne Williams'; Joseph Reynaud; Stephen W. Hamilton; 'Sophie Rossignol'
Subject: Npower Cogen Claim vs ACI

Chris - I set forth below our response on behalf of the Company to the points raised in the email below (and discussed in our call on Tuesday of this week):

"1. The Claims Process Order requires that the Monitor first attempt to explore resolution of the claim. That has not happened yet.

As discussed, we view the process of establishing the claim of Npower against ACI under the Claims Procedure Orders as being the only matter before us at this time. We shall work with you of course to resolve or schedule the hearing you have mentioned regarding alleged priority status arising from allegations of regarding post-filing matters. We continue to co-operate with the Monitor in trying to narrow and resolve outstanding issues.

"2. We have previously advised the Monitor and ACI counsel of our wish to schedule a motion regarding the interim protection of our claim to ensure that it is not affected by the release in the plan if it is not finally resolved before plan implementation, and to ensure that there are funds set aside to pay the claim if it is successful. We need to discuss this generally as it affects the claims hearing process. "

See above. As discussed, we invite you to provide a draft of your motion when you are ready and we can seek to narrow issues as appropriate. Justice Gascon is next sitting re Abitibi matters at the end of August and we would expect that a motion served before that time returnable on a date to be fixed by Justice Gascon can be delivered reasonably in advance of that hearing with a view to requesting scheduling.

"3. We do not really have any definition of the issues. The Disallowance Notice was very sketchy outside of quantum and the status of the guarantee, and we have no response to the Dispute Notice defining the issue. It would be helpful if we could have a more complete response and a narrowing of the issues. "

I think our discussion has narrowed the issues greatly. As previously noted, we have reviewed the information provided by you regarding the assignment of the guaranty and indicated our satisfaction with it. The issues appear to resolve to a relatively small number:

a) the residual value of the plant which reduces the "liquidated damages" claimed - the Monitor has described its methodology in arriving at that value and listened to your clients explanations for a potentially different value. The Monitor shall be doing follow up investigations to determine whether its view has changed on the matter and communicate directly in due course. There does not appear to be a significant dispute about whether the residual value is relevant so much as a dispute as to that value and the Monitor will continue to review the matter in light of the representations made. In this regard, the Monitor was awaiting information from your client regarding the carbon credit issue in order to update its valuation.

b) whether "take or pay" claims can be added to the liquidated damages number or are subsumed within it (we clearly take the former view - the issue would appear to be primarily a narrow one);

c) whether there is any basis to be claiming post-filing supplies to a non-filing entity (BPCL) under the claims process;

These issues - relative to the claims required to be filed under the claims process and dealt with by the Claims Officer - are separate and distinct from the various matters which you have indicated you wish to bring in a separate motion. We will work diligently to narrow and resolve these issues regardless of the outcome of your motion as and when it is brought.

"4. Our unsecured claim was allowed contingent on providing evidence as to the assignment of the Guarantee, which we provided. We have not had confirmation that the information provided is sufficient and would appreciate confirmation in that regard. "

As indicated, we are satisfied with the evidence provided on this issue.

"5. We need to discuss what sort of process we envisage to resolve the issues in dispute, but that very much depends on getting your position as to what is in dispute. "

As noted, the Claims Procedure governs the main issues raised in your filed claim described generically in item (3) above. These will be determined by the Claims Officer. The other matters - oppression, claim for superpriority status etc - are reserved to the motion which you have indicated you will be filing. Obviously, if there is no order providing the relief you have indicated you will be seeking in that motion, then our position will be that the releases to be provided for in the Plan and Sanction Order as well as the Claims Bar orders made will govern.

"6. We have some informational requirements. In particular, we would like to receive the following documentation:

a. Backup to substantiate 14.7 transfer charge deduction of Monitor for value of power plant.

The Monitor has provided you with a description of its methodology.

"b. Support Commitments from Abitibi Group to BPCL to continue trading from April 17, 2009 until Feb. 2, 2010 and any amendments thereto, as well as Abitibi Bowater group materials and communications relating to whether to provide such a commitment and the terms and effect thereof"

Npower is a creditor of BPCL who is in administration. Any claims that BPCL may have against ACI or others along the lines of the allegations raised belong to BPCL and not to its creditors directly. Our position is thus that Npower has no standing to request or review these documents which in any event relate to the intended motion and not directly to any claims under the Guarantee.

"c. Abitibi group Board meeting minutes and board and management materials relating between June to Sept 2009 surrounding (a) the Support Commitment and approval thereof and (b) ACI decision to terminate financial support for BPCL"

Npower is a creditor of BPCL who is in administration. Any claims that BPCL may have against ACI or others along the lines of the allegations raised belong to BPCL and not to its creditors directly. Our position is thus that Npower has no standing to request or review these documents which in any event relate to the intended motion and not directly to any claims under the Guarantee.

"d. E and Y report to BPCL board on or around July 2009 re restructuring options for BPCL and Abitibi Group internal communications and memos concerning same."

Npower is a creditor of BPCL who is in administration. Any claims that BPCL may have against ACI or others along the lines of the allegations raised belong to BPCL and not to its creditors directly. Our position is thus that Npower has no standing to request or review these documents which in any event relate to the intended motion and not directly to any claims under the Guarantee. Further, it is our understanding that much of what you seek relates to negotiations towards a restructuring undertaken between BCPL and Npower - negotiations which your client was obviously privy to.

"e. Board meeting minutes and board and management materials of the Abitibi Group relating to the decision to transfer a substantial portion of BPCL s liquid assets to a newly created ACI entity on the eve of BPCLs shutdown"

We have advised you that the transfer of accounts receivable to which you appear to be making reference was done pursuant to a Court order in Abitibi's CCAA process and that the receivables were all subject to security held by the Term Lenders. For further information on the transaction, we would direct you to the court file on the matter which is available on the Monitor's web site. Further, Npower is a creditor of BPCL who is in administration. Any claims that BPCL may have against ACI or others along the lines of the allegations raised belong to BPCL and not to its creditors directly. Our position is thus that Npower has no standing to request or review these documents which in any event relate to the intended motion and not directly to any claims under the Guarantee.

"f. Board meeting minutes of Abitibi Group and BPCL and board and management materials relating to the decision to shut down

BPCL and to file for administration on or about February 2010"

Npower is a creditor of BPCL who is in administration. Any claims that BPCL may have against ACI or others along the lines [illegible] raised belong to BPCL and not to its creditors directly. Our position is thus that Npower has no standing to request or review [illegible] which in any event relate to the intended motion and not directly to any claims under the Guarantee.

"g. Proofs of claim of Abitibi Group creditors in the BPCL administration process and in CCAA process. "

We have indicated that we are not in a position to discuss resolving Npower claims vs ACI by discussing possible compromises of claims [illegible] other members of the Abitibi group of companies may have in the BPCL proceedings. We would direct your further questions in that regard to the Administrators of BPCL.

Sean Dunphy
Tel : (416) 869-5662
sdunphy@stikeman.com

STIKEMAN ELLIOTT LLP Barristers & Solicitors
5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
www.stikeman.com

TORONTO MONTREAL OTTAWA CALGARY VANCOUVER NEW YORK LONDON SYDNEY

EXHIBIT R-9

From: Barry.Benson@Abitibibowater.com
Sent: Thursday, April 23, 2009 12:38 PM
To: kevin.ansell@RWEnpower.com
Subject: Re: ESC 3rd August 1998

Kevin

Re : Your letter dated 22 April 2009

Further to your letter I wish to clarify a number of points

Firstly I can confirm that Bridgewater Paper Company Ltd. has not entered or intends to enter into insolvency procedure. Secondly, it is our intention to pay your invoice dated 8th April on the due date.
I can also confirm that I have instructed Encore not to put in place any additional gas trades until further notice.

Regards,

Barry Benson
Finance Director

EXHIBIT R-10

Herbert Smith

Companies Court
Chancery Division
Royal Courts of Justice
Strand
London
England
WC2A 2LL

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS
T +44 20 7374 8000
F +44 20 7374 0888
D +44 20 7466 2541
DX 28
E caroline.lynch@herbertsmith.com
www.herbertsmith.com

OFFICE COPY
SUPREME COURT
COMPANIES COURT
OF JUDICATURE

Our ref
2993/8095/30902348
Your ref
619/2010
Date
2 February 2010

By Hand

Notice of appointment of joint administrators of Bridgewater Paper Company Limited (the "Company") by its directors

Dear Sirs

Pursuant to the filing with the Companies Court of a notice of intention to appoint joint administrators of the Company by the directors on 25 January 2010, please find enclosed the following documents in accordance with paragraph 29 of Schedule B1 to the Insolvency Act 1986:

1. signed and dated Form 2.9B notice of the directors' appointment of the joint administrators of the Company (being the prescribed form of notice pursuant to Rule 2.23(1) of the Insolvency Rules 1986) together with the ancillary documents required by Rule 2.23(2) of the Insolvency Rules 1986, being a signed and dated original Form 2.2B in relation to each of the joint administrators (including a short summary of each administrator's prior professional relationship with the Company) and a statement of the matters provided for in paragraph 100(2) of Schedule B1 to the Insolvency Act 1986;

2. an original copy-set of the above together with 3 further copy-sets; and

3. a cheque for £30.

We should be grateful if you would seal the Form 2.9Bs, retain one of the original copies for filing with the Court and return the 4 sealed copies (one original and three copies) to the person delivering this letter.

Herbert Smith

Date 2 February 2010
To: Letter to the Court

Yours faithfully

Herbert Smith LLP

Herbert Smith LLP

Encs.

10/25897758_1

Rule 2.3 Form 2.2B

Statement of proposed administrator

Name of Company	Company number
Bridgewater Paper Company Limited	**01726334**

In the High Court of Justice Chancery Division Companies Court [full name of Court]	*For court use only* Court case number 619/2010

(a) Insert name and address of proposed administrator

1. I (a) Mr Roy Bailey of Ernst & Young LLP, 1 More London Place, London, SE1 2AF

hereby certify that I am authorised under the provisions of Part XIII of the Insolvency Act 1986 to act as an insolvency practitioner.

I.P. No.: 8357

Name of Regulatory Body: Association of Chartered Certified Accountants

(b) Insert name of company

2. I consent to act as administrator of (b) Bridgewater Paper Company Limited, North Road, Ellesmere Port, South Wirral, CH65 1AF.

* Delete as applicable

("the company") in accordance with the notice of appointment of

(c) Insert name of person presenting administration application or making the appointment

(c) the Directors of the company

(d) Insert date of application or appointment

dated (d) 2 February 2010

3. I am of the opinion that the purpose of administration is reasonably likely to be achieved.

* Delete as applicable

4. I have had any prior professional relationship with the company.

(I attach to this Statement a short summary of any prior professional relationship(s) with the company.)

Signed R Bailey

Dated 28 January 2010

10/24474718_1

The Ernst & Young LLP restructuring team, of which I am a member, was instructed by the directors of Bridgewater Paper Company Limited (BPCL) on 16 July 2009 to perform a business review of BPCL and its subsidiaries Cheshire Recycling Limited, Bridgewater Paper Leasing Limited and Abitibi-Consolidated Europe Sa (together "the Group"). Due to BPCL's direct parent company, intermediate parent company and ultimate parent company being in insolvency processes, the continuing significant ongoing operational losses of the Group and the substantial pensions' debt, the only source of funding available to support the ongoing operations of the Group was from its insolvent parents. The business review was required to consider the viability of the businesses as going concerns and to set out the options available to the directors of BPCL should long term significant funding not be available to meet all of its liabilities as they fell due.

Following the business review, which concluded in September, the Ernst & Young LLP restructuring team was instructed by the directors of BPCL on 22 October 2009 to carry out a contingency planning exercise on the considerations and steps required to place BPCL (and its subsidiaries) into administration, should an insolvency prove inevitable.

Following the contingency planning exercise, which concluded in December, the directors of BPCL requested further review and assistance on particular strategic matters regarding the solvency position of BPCL and the process of appointing administrators.

Prior to 16 July 2009, I had no professional relationship with BPCL or any of its other group companies.

Ernst & Young LLP's affiliated firms in Canada and the US have material professional relationships with AbitibiBowater Inc., the ultimate parent company, Abitibi-Consolidated Inc., the intermediate parent company, and Abitibi-Consolidated Company of Canada, the direct parent company, all of which have filed for and received creditor protection either under CCAA in Canada, on 17 April 2009, or Chapter 11 in the US, on 16 April 2009.

FILED
02 FEB 2010

Rule 2.23

Form 2.9B

01

Notice of appointment of an administrator by company or director(s)

(where a notice of intention to appoint has been issued)

Name of Company	Company number
Bridgewater Paper Company Limited	01726334

In the High Court of Justice Chancery Division Companies Court [full name of court]	For court use only Court case number 6/9/2010

Royal Courts of Justice
Transaction: 414305
Operator : TAYLOR, H
Dated: 02/02/2010 09:36:50

(a) Insert name and address of registered office of the company

1. Notice is given that, in respect of (a)
Bridgewater Paper Company Limited, North Road, Ellesmere Port, South Wirral, CH65 1AF

("the company")

* Delete as applicable

the directors of the company ("the appointor") hereby appoints

(b) Give name(s) and address(es) of administrator(s)

(b) Roy Bailey of Ernst & Young LLP, 1 More London Place, London, SE1 2AF; Thomas Andrew Jack of Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY; and Alan Robert Bloom of Ernst & Young LLP, 1 More London Place, London, SE1 2AF,

as administrators of the company.

* Delete as applicable

2. The written statements in Form 2.2B are attached.

3. The appointor is entitled to make an appointment under paragraph 22 of Schedule B1 to the Insolvency Act 1986.

4. This appointment is in accordance with Schedule B1 to the Insolvency Act 1986.

*Delete as applicable

5. The company is not *an insurance undertaking/a credit institution/an investment undertaking providing services involving the holding of funds or securities for third parties/or a collective investment undertaking under Article 1.2 of the EC Regulation.

(c) Insert whether main or territorial proceedings

6. For the following reasons it is considered that the EC Regulation *will apply. If it does apply, these proceedings will be (c) main proceedings as defined in Article 3 of the EC Regulation: The company's centre of main interest is in England.

7. Where there are joint administrators, a statement for the purposes of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 is attached.

HIGH COURT OF JUSTICE
COMPANIES COURT

OFFICE ... SUPREME COURT ... COMPANIES ... OF JUDICATURE

Form 2.9B continued

8. The appointor has given written notice of the intention to appoint in accordance with paragraph 26(1) of Schedule B1 to the Insolvency Act 1986 and a copy of that notice was filed at court on (d)

(d) Insert date 25 January 2010

and five business days have elapsed from the date of the notice.

*Delete as applicable

(e) Insert name and address of person making declaration

I (e) Robert Clarke - Director do solemnly and 9 Regal Cl Great Sutto, Ellesmere Po CH66 4XY

(If making the declaration on behalf of appointor indicate capacity e.g. director~~solicitor~~)

sincerely declare that

(i) the information provided in this notice and
(ii) the statements made and information given in the notice of intention to appoint

are, and remain, to the best of my knowledge and belief, true,

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.

Declared at BRIDGEWATER PAPER CO. LIMITED.

Signed R Clarke

This 1 day of February 2010

before me

PHILIP SHEARD.

A Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor or Duly Authorised Officer

Endorsement to be completed by court
This notice was filed (f) 02/02/2010 at 10:17

(f) Insert date and time

10/24474435_1

STATEMENT FOR THE PURPOSES OF PARAGRAPH 100(2), SCHEDULE B1, INSOLVENCY ACT 1986

Bridgewater Paper Company Limited

Company number 01726334 (the "Company")

By notice of appointment dated 01/02/2010, the directors of the Company appointed Roy Bailey, Thomas Andrew Jack and Alan Robert Bloom, licensed insolvency practitioners from the firm Ernst & Young LLP, to be joint administrators of the Company (the "**Administrators**").

In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, we, the directors of the Company, state that all the functions or acts to be carried out by the Administrators are to be exercised by all or any one or more of the persons for the time being holding that office.

Signed..

Director

For and on behalf of the board of directors of the Company

Dated 1 February 2010

EY ERNST & YOUNG

TO ALL KNOWN CREDITORS

08 March 2010

Ref: RB/KP/JB/D11.1
Direct line: +44 (0) 20 7951 2581
Direct Fax: +44 (0) 20 7951 1345
Jonathan Blezard
email: kpathmanathan@uk.ey.com

Dear Sirs

Bridgewater Paper Company Limited (in Administration) (the "Company")

As you will be aware, the above named company entered administration on 2 February 2010 and T A Jack, A R Bloom and I were appointed to act as Joint Administrators. I now enclose a copy of our statement of proposals as required by paragraph 49 of Schedule B1 to the Insolvency Act 1986.

A meeting of creditors will be held on Thursday 25 March to consider and vote on the following matters:

1. The approval of the Joint Administrators' proposals.

2. The formation of a creditors' committee. To be validly constituted, a creditors' committee must have at least three and not more than five members.

3. In the event that a creditors' committee is not formed, to fix the basis of the Joint Administrators' remuneration as provided for in the proposals.

4. In the event that a creditors' committee is not formed, to authorise the Joint Administrators to draw Category 2 disbursements in accordance with the statement of disbursements set out in the proposals.

Formal notice of the meeting is enclosed, together with a proxy form and notice of claim form. To be eligible to vote at the meeting you must provide me with written details of your claim by 12 noon on the business day before the meeting and, unless you are attending the meeting in person, you must complete and return the proxy form by the date of the meeting.

I enclose, for your information, a set of questions and answers about the initial creditors' meeting.

ERNST & YOUNG

Should you have any further questions please contact Jonathan Blezard on +44 (0) 20 7951 2581.

Yours faithfully
for Bridgewater Paper Company Limited (in Administration)

Kevin Haywood
for R Bailey
Joint Administrator

Enc: Administrators' statement of proposals
Form 2.20B - Notice of a Meeting of creditors
Form 8.2 - Proxy (Administration)
Administration Notice of Claim for Voting Purposes
Questions and answers about the initial meeting of creditors