

June 14th, 2012

Mr. Jim Klingenberger

Manager - Facilities Design & Construction Division
Corporate Asset Management
CAO's Department
City of London
A.J. Tyler Operations Centre
663 Bathurst St
London ON N5Z 1P8

Dear Jim,

Re: City of London Solar Rooftop FIT 2.0 Strategy and Implementation

Ameresco Canada Inc. (Ameresco) is pleased to confirm that it is qualified and able to provide the City of London (COL) with a FIT 2.0 portfolio-wide solar strategy and then execute on that strategy under the existing COL/Ameresco Energy Partner agreement.

Background

In August 2005, by means of a competitive process, the COL selected Ameresco as their Energy Partner; a role supporting the development of strategies to both reduce energy and greenhouse gas emissions via facility renewal while evaluating and implementing opportunities for on-site self-generation and use of “green” energy options. This partnership remains in place today and the COL and Ameresco continue to work through a series of planned “phases” to accomplish both of these objectives.

As a result of the evolution of the Ontario Power Authority's Feed-In-Tariff program (now known as FIT 2.0 with details at <http://fit.powerauthority.on.ca/what-feed-tariff-program>) and its diminished renewable procurement requirements, additional complexities, and short application preparation lead times, the COL needs immediate assistance from its energy partner to ensure that the COL's on-site self-generation green energy options are maximized when the “Small FIT” application window (applications for projects between 10kW and 500kw) is scheduled to open this summer.

Ameresco is the natural partner for the COL to work with for this assistance given the existing procured relationship already in place for this type of work, the solar system work that Ameresco has already completed for the COL at Tourism London, Ameresco's planned solar system deployment at the Canada Games Aquatic Centre and Ameresco's proven expertise in the solar photovoltaic field. In aggregate Ameresco has over 10 MW of solar rooftop “Small FIT” systems either in operation or at various stages of development within the province of Ontario.

Solar Strategy Development

Ameresco will develop a recommended strategy for the COL to follow in order to maximize its Greenhouse Gas reduction opportunities and improve its financial position under FIT 2.0. This strategy will include the following:

- A recommended list of COL buildings for which Small FIT applications should be made.
- An outline of a plan that will ensure that all applications have the maximum number of “application points” so that they have the greatest opportunity to receive contract offers
- Details of an arrangement with London Hydro (LH) that enables the “time stamps”, for projects that have previously applied for contracts using COL rooftops under the original FIT program, to be used for this round of applications in order to achieve higher priority status.
- Financial options to assist the COL in determining its level of financial participation in each of the projects.

Implementation Plan Development

Ameresco will also develop an implementation plan that will outline:

- How FIT 2.0 applications will be made to the OPA;
- The timeline and steps that will be taken to build projects on budget and to OPA timeframes once contract offers are made and accepted (under FIT 2.0 rooftop solar projects must now be built and operational 18 months from contract acceptance);
- The Ameresco procurement process that ensures vendor neutrality and encourages wide vendor participation.

Costs

As per our existing agreement Ameresco and the COL work under the following principles and guidelines as it develops this phase of work under the umbrella agreement:

- Open Book; COL is welcome to review all third party costs incurred by Ameresco
- 7.0% mark-up on 3rd party procured costs to cover Ameresco Engineering fees
- 7.5% mark-up on 3rd party procured costs to cover Ameresco Project Management fees
- 11.5% mark-up on 3rd party procured costs to cover Ameresco Overhead & Profit

As Ameresco will be leading the implementation and construction of these projects the cost of the strategy development and implementation plan is included within the Overhead portion of above.

There are several unknowns at this point given the state of draft FIT rules. One is the cost to conduct the 3rd party roof engineering study now being proposed by the OPA to be included with the application. Others are new application securities and costs associated with Connection Impact Assessments. A plan on how to address and account for all these issues and unknowns

will be outlined within the financial section of the solar strategy once the FIT 2.0 program rules are finalized.


Time is of the Essence

Given that the small FIT application window is likely to open very soon it is prudent to proceed with this plan as soon as possible so that applications can be ready.

If this letter accurately reflects how you would like to proceed with this matter please sign below and we will begin our work. A new contract for this phase of work can be developed once the city decides how its wants to proceed given options presented within the solar strategy.

Thank you for the selecting Ameresco as the City of London's Energy Partner; we greatly value our on-going relationship and your business.

Sincerely,
Ameresco Canada


Jim Fonger
Senior Business Developer

Reviewed & Accepted:

Signature

Name & Title:

Date