

BILLERICA (M.A296.01) - EQUIPMENT SUPPLY CONTRACT

APPENDIX I - OPTION TO PURCHASE ADDITIONAL UNITS

This Appendix I is attached to and made a part of that Equipment Supply Contract – Billerica (M.A296.01), dated as of October 12, 2007 (the "Contract") between Montgomery Energy Billerica Power Partners LP ("Customer") and Roll-Royce Energy Systems Inc. ("RR"). All capitalized terms used but not defined herein shall have the same meaning given such terms in the Contract (including related Appendices). Should there be any inconsistency between this Appendix I and the Contract with respect to the subject matter covered by the terms hereof, then the terms of this Appendix I shall prevail.

Pursuant to Article XXIV of the Contract, RR has granted to Customer the option (the "Option") to purchase not more than two (2) additional Trent 60 Dual Fuel WLE Generation Packages (Units) (as more fully described in Appendix A) (whether one or more, of the "Option Units") for the price, and subject to the provisions, set forth in this Appendix I.

1.0 Notice of Exercise

1.1 Customer may exercise its option to purchase one or both of the Option Units by providing RR with irrevocable written notice of exercise ("Option Exercise Notice") (substantially in the form set out as Attachment A hereto) no later than July 1, 2008. Customer may deliver more than one Option Exercise Notice, provided that not more than two Option Units may be purchased. The Option Exercise Notice shall set forth the number of Option Units (but not more than two) to be purchased by Customer and the Delivery Date requested for each such Option Unit, which shall not be earlier than January 2, 2009 and no later than the end of the first quarter 2010 unless specifically agreed by both Parties; if two Option Units are to be purchased, the Delivery Date for the second Option Unit to be delivered shall be at least one month following the Delivery Date of the first Option Unit to be delivered.

1.2 If Customer determines not to exercise the Option as to one or both of the Option Units, Customer shall give written notice of such determination to RR (the "Option Unit Cancellation Notice") substantially in the form of Attachment B hereto.

1.3 Immediately upon delivery of the Option Exercise Notice to RR, each Option Unit as to which the Option Exercise Notice is delivered shall be deemed a "Unit" under the Contract and the terms of the Contract shall apply mutatis mutandis to the purchase of such Option Unit, save and except as provided herein or in any Change Order applicable to the Option Unit.

1.4 Within thirty (30) Days following delivery of the Option Exercise Notice, RR and Customer shall enter into a Change Order to reflect the increased number of Units and the Delivery Dates for the Option Units as agreed between Customer and RR, and

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otherwise memorializing the addition of the Option Units to the Contract as necessary (the "Option Unit Change Order").

1.5 If Customer exercises the Option as to one or both of the Option Units, the amounts of the Parent Guaranty, advance payment bond (if then required) and the Performance Bond provided for in Article XVI of the Contract shall be increased proportionately to the increase in the aggregate of the Contract Prices under the Contract resulting from the exercise of the Option.

1.6 The Option Units shall be identical in design, components, workmanship and Guaranteed Performance Levels, and shall be electrically identical, to the previously supplied Units (Units 1 through 4). Furthermore, the data and characteristics of the Option Units shall fully match the information as to the previously supplied Units provided by RR to ISO New England as part of the facility's transmission interconnection study.

2.0 Pricing

2.1 The Contract Price for the Option Units shall be determined as follows:

2.1.1 If the Option Exercise Notice shall have been delivered to RR prior to November 1, 2007, specifying delivery for one Option Unit prior to February 1, 2009 and the second Option Unit prior to March 1, 2009 and if the requested delivery slots are available, the Contract Price per Option Unit shall be the Base Price of FOB Site, subject to increase in the amount or amounts which follow if Customer elects one or both of the following sound abatement options (acoustic options):

(a) Silencer Package (\$ per Unit): This option will increase the length of the SCR by 6 feet and consisting of a 14-foot silencer in the SCR and a 14-foot silencer in the stack; and

(b) Wall Cladding Package (\$ per Unit): This option will increase the wall thickness to ½ inches.

If the requested delivery slots are not available, RR will provide the next available delivery slots and the Contract Price per Option Unit will be increased in the same manner as provided in Section 2.1.2 hereof with the exception of the Additional TDI Costs, which will not apply in the event that one or both of the Option Units are installed at the Billerica, Massachusetts Site concurrently with the initial four units.

2.1.2 If the Option Exercise Notice shall have been delivered to RR prior to July 1, 2008 but after November 1, 2007, specifying delivery for the Option Units prior to in the first calendar quarter of 2010, the Adjusted Contract Price per Option Unit shall be the sum of (i) (Base Price), subject to increase in the amount or amounts which follow if Customer elects one or both of the following options: (a) Silencer Package (\$ per Unit) and (b) Wall Cladding Package (\$ per Unit), as such price may be increased according to the Escalation Clause set forth as

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Attachment C hereto (the "Escalation Clause"), and (ii) a one-time fee of _____ in 2009 dollars which shall be escalated at the same percentage increase between RR's 2009 published rate schedules and the published rate schedules in effect at the time of mobilization for providing technical direction and installation advice services with respect to the Option Units (the "Additional TDI Costs"), which are installed non-concurrently with the initial four units. This escalation shall be limited to a maximum increase of 6% per year.

2.1.3 If the Option is exercised by the Customer with a requested delivery date being greater than thirteen months from the date of the request and RR cannot commit to deliver within three months of the requested delivery date, the Customer shall have the right to issue a Cancellation Notice substantially in the form of Attachment B hereto. In such case, cancellation charges will be limited to only _____ Option Unit irrespective of the time of issue of the Cancellation Notice and will supersede the cancellation charges as set forth in Section 3 of this Appendix I. Additionally, the cancellation fees paid by the Customer to RR shall be credited against any future purchases of goods or services by the Customer.

2.2 Within five (5) business Days from the date of acceptance of Customer's Option Exercise Notice by RR, Customer shall make payment to RR of \$ _____ per Option Unit as to which the Option has been exercised, as a reservation payment (the "Option Unit Reservation Payment").

2.3 Upon execution of the Option Unit Change Order by Customer and RR, RR shall submit its invoice to Customer in an amount equal to 5% of the Contract Price per Option Unit, less the amount of the Option Unit Reservation Payment, in satisfaction of Customer's obligation to make payment upon achievement of the Contract Award milestone for the Option Units according to the schedule of payments set forth in Appendix C. Such invoice shall be due and payable in accordance with Clause 3.2 of the Contract.

2.4 Additional payments for such Option Units shall be made in accordance with the Payment Schedule and Delivery Terms set forth in Appendix C calculated on the basis of the milestones applicable to each Option Unit.

3.0 Cancellation Charges

3.1 In consideration of RR holding available the Option Units, Customer agrees that if Customer elects not to exercise its option to purchase an Option Unit, Customer shall pay to RR cancellation charges by wire transfer in immediately available funds within five business Days following the date the option to purchase the Option Units lapses or the Option Unit Cancellation Notice is delivered, as follows:

3.1.1 If the Option Unit Cancellation Notice is delivered by Customer to RR on or prior to March 1, 2008, Customer shall pay to RR a cancellation charge in the amount of \$ _____ Option Unit as to which such Option Unit Cancellation Notice applies.

3.1.2 If the Option Unit Cancellation Notice is delivered by Customer after March 1, 2008, Customer shall pay to RR a cancellation charge in the amount of _____ per Option Unit, with the exception provided for under Clause 2.1.3 of Appendix I (cancellation charges limited to _____ per Option Unit), as to which such Option Unit Cancellation notice applies. If no Option Unit Cancellation Notice or no Option Exercise Notice is delivered by Customer to RR by July 1, 2008, Customer shall pay to RR a cancellation charge in the amount of \$ _____ per Option Unit.

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ATTACHMENT A TO APPENDIX I
FORM OF OPTION EXERCISE NOTICE

Date: _____

In accordance with Appendix I to that Equipment Supply Contract - Billerica (M.A296.01) dated October __, 2007 between RR and Customer, relating to Customer's option to purchase not more than two (2) additional Trent 60 Dual Fuel WLE Power Generation Packages (Units) (as more fully described in Appendix A to such Contract), Customer hereby confirms it is exercising its option to purchase [one (1)] [two (2)] Option Unit[s] with Delivery Date[s] as follows:

First Option Unit: _____; Acoustic Options:

(a) Silencer Package: [Yes / No].

(b) Wall Cladding Package: [Yes/No].

Second Option Unit: _____; Acoustic Options: [Yes / No].

(a) Silencer Package: [Yes / No].

(b) Wall Cladding Package: [Yes/No].

Yours truly,

MONTGOMERY ENERGY BILLERICA POWER PARTNERS LP

By: Montgomery Energy Billerica Power LLC, its general partner

By: _____

Name: _____

Title: Vice President of its General Partner

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ATTACHMENT B TO APPENDIX I
FORM OF OPTION UNIT CANCELLATION NOTICE

Date: _____

In accordance with Appendix I to that Equipment Supply Contract - Billerica (M.A296.01) dated October __, 2007 between RR and Customer, relating to Customer's option to purchase not more than two (2) additional Trent 60 Dual Fuel WLE Power Generation Packages (Units) (as more fully described in Appendix A to such Contract), Customer hereby notifies RR as follows:

[] pursuant to Section 1.2 of Appendix I, Customer shall not exercise the option to purchase [one (1)] [two (2)] Option Unit[s].

[] pursuant to Section 2.1.3 of Appendix I, Customer hereby cancels its exercise of the option as to [one (1)] [two (2)] Option Unit[s].

Yours truly,

MONTGOMERY ENERGY BILLERICA POWER PARTNERS LP

By: Montgomery Energy Billerica Power LLC, its general partner

By: _____

Name: _____

Title: Vice President of its General Partner

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ATTACHMENT C TO APPENDIX I

PRICE ESCALATION CLAUSE OF OPTIONAL UNITS

1. For the purposes of this clause:

"Contract Price" means the price of an Option Unit as specified under Clause 2.1.1 or 2.1.2 of Appendix I, as applicable.

"Commitment Date" means the date that Rolls-Royce receives a firm commitment from the Customer through an Option Exercise Notice to proceed with the Optional Units.

"Adjusted Contract Price" means the price to be paid to Rolls Royce by the Customer for each of the Option Units as determined by the operation of this Price Escalation Clause.

"Effective Date" means November 1, 2007.

2. If the cost of labor and materials vary such that the Adjusted Contract Price exceeds the Contract Price as calculated using the following formula, the Contract Price will be varied accordingly, otherwise the Adjusted Contract Price shall remain unchanged from the Contract Price.

$$P_n = P_o \times (0.35(L_n/L_o) + 0.65(M_n/M_o))$$

Where,

P_n is the Adjusted Contract Price

P_o is the Contract Price

L_o is the value of Average Hourly Earnings - NAICS 336412 for the month of the Effective Date

L_n is the value of Average Hourly Earnings - NAICS 336412 for the month immediately prior to the month of the Commitment Date

M_o is the value of Producer Price Index - WPU10 for the month of the Effective Date

M_n is the value of Producer Price Index - WPU10 for the month immediately prior to the month of the Commitment Date

The Average Hourly Earnings - NAICS 336412 is for the Industry group "Aircraft engine and engine parts" published by the US Department of Labor, Bureau of Labor Statistics.

The Producer Price Index - WPU10 is for the Commodity group "Metal and Metal Products" published by the US Department of Labor, Bureau of Labor Statistics

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If the United States Government ceases to publish any of the statistics referred to above or modifies the basis of the calculation then RR shall have the right to substitute any officially recognized, proper and substantially equivalent statistic that is mutually agreeable to both Parties.

Note: Because of the time delay by the Bureau of Labor Statistics in publishing final monthly data of the relevant indices, the Contract Change Order issue to add the Option Units shall reflect the Contract Price, however, the Contract Change Order will be amended or reissued by the Customer to reflect the Adjusted Contract Price within 30 days of the date of publication of the relevant final indices.

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