

RESOLUTION NO. 2016-_____

A RESOLUTION AUTHORIZING THE ISSUANCE OF AMENDATORY SUPPLEMENTAL CHANGE ORDER NO. 16, TO CONTRACT NO. RES09-623, ISSUED TO SIEMENS ENERGY, INC., ORLANDO, FL (FORMERLY ROLLS-ROYCE ENERGY, MOUNT VERNON, OH), IN AN AMOUNT NOT TO EXCEED \$2,560,010.00.

WHEREAS, the City Council of the City of Vineland, on November 24, 2009, adopted Resolution No. 2009-623, entitled "A RESOLUTION AWARDING A CONTRACT TO ROLLS-ROYCE ENERGY SYSTEMS INC., MOUNT VERNON, OH, FOR THE COMPLETION OF VMEU SIMPLE CYCLE TURBINE GENERATOR WITH SELECTIVE CATALYTIC REDUCTION"; and

WHEREAS, N.J.A.C. 5:30-11.9 sets forth the procedures for processing change orders which exceed the 20 percent limitation; and

WHEREAS, the Director of Municipal Utilities has requested a change order to contract to Siemens Energy Inc., Orlando, FL, (formerly Rolls-Royce Energy Systems, Inc., Mount Vernon, OH) for the Completion of VMEU Simple Cycle Turbine Generator with Selective Catalytic Reduction as authorized by Resolution No. 2009-623; said change order is necessary to incorporate the following modifications:

1. To exercise Contract Price Modification offered by Siemens in their proposal submitted on February 17, 2016 (copy attached) for a Long Term Service Agreement for both Down Unit #11 and Clayville #1 incorporating their scope within the existing contract at the offered price
2. Siemens will provide maintenance services for Down Unit 11 and Clayville 1 gas turbine equipment in accordance with the terms and conditions of this agreement
3. Incorporation of the attached Siemens Proposals results in a contract price increase of \$2,560,010
4. VMEU has analyzed the costs vs. benefits of this proposal from both a labor and materials cost perspective, as well as a risk assessment perspective, bearing in mind that if either of these two generating units cannot operate when scheduled to run by the PJM ISO, financial penalties will be incurred
5. The term of this LTSA will be five (5) years in accordance with N.J.S.A. 40A:11-15(7); and

WHEREAS, the City of Vineland desires to comply with said requirements of N.J.A.C. 5:30-11.1, et seq., and to that end herewith files with the governing body a report stating the facts involved and indicating that the proposed change order may be allowed under these regulations; and

WHEREAS, the City Comptroller has certified the availability of funds for the amendatory supplemental change order for which authorization is requested in the amount of \$2,560,010.00; now, therefore,

BE IT RESOLVED by the Council of the City of Vineland that said amendatory supplemental change order #16 to Contract No. RES09-623, issued to Siemens Energy Inc., Orlando, FL, (formerly Rolls-Royce Energy Systems, Inc., Mount Vernon, OH), in the amount of \$2,560,010.00, be and the same is hereby ratified and approved.

Adopted:

President of Council

ATTEST:

City Clerk



March 15, 2016

REPORT

TO: THE MAYOR AND COUNCIL

RE: Reduction Change Order No. 16
Contract No RES09-623
VMEU Simple Cycle Turbine Generator with Selective Catalytic Reduction
Siemens Energy Inc., Orlando, FL, (formerly Rolls-Royce
Energy Systems, Inc., Mount Vernon, OH)

Dear Mayor and Members of Council:

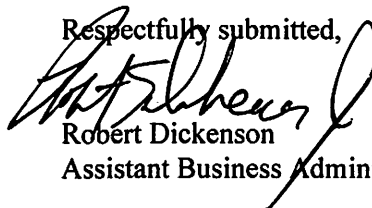
We are requesting that an amendatory supplemental change order be issued for Contract No. RES09-623, to Siemens Energy Inc., Orlando, FL, (formerly Rolls-Royce Energy Systems, Inc., Mount Vernon, OH) for the Completion of VMEU Simple Cycle Turbine Generator with Selective Catalytic Reduction. This contract was authorized by Resolution No. 2009-623, adopted by City Council on November 24, 2009, in the amount of \$26,925,000.00.

The change order requested, in the amount of \$2,560,010.00, is necessary to incorporate the following modifications:

1. To exercise Contract Price Modification offered by Siemens in their proposal submitted on February 17, 2016 (copy attached) for a Long Term Service Agreement for both Down Unit #11 and Clayville #1 incorporating their scope within the existing contract at the offered price.
2. Siemens will provide maintenance services for Down Unit 11 and Clayville 1 gas turbine equipment in accordance with the terms and conditions of this agreement.
3. Incorporation of the attached Siemens Proposals results in a contract price increase of \$2,560,010.
4. VMEU has analyzed the costs vs. benefits of this proposal from both a labor and materials cost perspective, as well as a risk assessment perspective, bearing in mind that if either of these two generating units cannot operate when scheduled to run by the PJM ISO, financial penalties will be incurred.
5. The term of this LTSA will be five (5) years in accordance with N.J.S.A. 40A:11-15(7).

This change order increases the current revised contract amount of \$60,210,938.18 to \$62,770,948.18.

The amendatory supplemental change order which exceeds the 20% limitation, for which authorization is herein requested, may be authorized in accordance with N.J.A.C. 5:30-11.9.

Respectfully submitted,

Robert Dickenson
Assistant Business Administrator

RD/wr
Encl.

REQUEST FOR CHANGE ORDER
FOR:



VMEU Simple Cycle Turbine Generator With Selective Catalytic Reduction
PROJECT NAME

TO: BUSINESS ADMINISTRATION

DEPARTMENT: VMEU Generation Engineering

FROM: Pete Kudless, Project Manager
John Miller, Asst. Supt. - Generation

Miller
3/7/16
Luftsch
3/7/16

This is a request for change order # 16 to Contract # RES09-623 for:

Project Name: VMEU Simple Cycle Turbine Generator With Selective Catalytic Reduction

Name/Address of Contractor: Siemens Energy, Inc.
105 N. Sandusky St.
Mount Vernon, OH 43050

This change order is necessary to incorporate the following modifications to this contract:

- 1) To exercise Contract Price Modification offered by Siemens in their proposal submitted on February 17, 2016 (copy attached) for a Long Term Service Agreement (LTSA) for both Down Unit # 11 and Clayville Unit # 1 incorporating their scope within the existing contract at the offered pricing.
- 2) Siemens will provide maintenance services for both Down Unit 11 and Clayville 1 gas turbine equipment in accordance with the terms and conditions of this agreement.
- 3) Incorporation of the attached Siemens Proposal results in a contract price increase of \$2,560,010.00.
- 4) VMEU has analyzed the costs vs. benefits of this proposal from both a labor and materials cost perspective, as well as a risk assessment perspective, bearing in mind that if either of these two generating units cannot operate when scheduled to run by the PJM ISO, financial penalties will be incurred.
- 5) The term of this LTSA will be five (5) years in accordance with N.J.S.A. 40A:11-15 (7).



bi



Peter J. Kudless
Project Manager
Clayville Unit #1
pkudless@vinelandcity.org
www.vinelandcity.org

211 N. West Ave
Vineland, NJ 08362-1508
Phone: (856) 794-4000
Extension: 4380
Fax: (856) 405-4625

Original Contract Amount:	\$ <u>26,925,000.00</u>
Amount of This Change Order:	\$ <u>2,560,010.00</u>
Previous Change Orders:	\$ <u>33,285,938.18</u>
Total Revised Amount:	\$ <u>62,770,948.18</u>

APPROVED BY: Joseph Isabella
Print/Type

Joseph Isabella
Signature

NOTE: CHANGE ORDERS CANNOT EXCEED 20% OF ORIGINAL CONTRACT AMOUNT

Please provide the account number that the change order will be charged to:

Account # 002-0-54-90-9001-2-7023353 E553X (Down unit 11) E553C (Clayville 1)

- CC: Purchasing Division
- Gus Foster *[Signature]*
- John Boyle *[Signature]*
- Pete Kudless
- Jeff Davis *[Signature]*
- John Miller



Special arrangements for persons with disabilities may be made if requested in advance by contacting the Business Administrator's office at 856-794-4144.

**AMENDED AND REINSTATED LONG TERM SERVICE
AGREEMENT (LTSA)
Ref. No. 0426 Change Order X**

SELLER:	Siemens Energy Inc. (SELLER)
OWNER:	Vineland Municipal Electric Utility (OWNER)
OWNER SITE:	211 N. West Avenue Vineland, New Jersey 08362-1508

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THE AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made effective upon execution of the City of Vineland Change Order No. X this [...insert date of agreement....]

BETWEEN

SIEMENS ENERGY INC. ("Siemens"), a Delaware corporation, with its registered headquarters at 4400 Alafaya Trail, Orlando, Florida, 32826 and manufacturing offices located at 105 North Sandusky Street, Mount Vernon, Ohio 43050, USA (hereinafter called "SELLER")

and

VINELAND MUNICIPAL ELECTRIC UTILITY whose registered office is at 640 E. Wood Street, Vineland, New Jersey 08360 (hereinafter called the "OWNER").

WHEREAS

- A. The OWNER owns, operates and/or is responsible for the maintenance of Gas Turbine plant (DOWN11) incorporating Rolls-Royce manufactured equipment, originally procured under a supply contract (the "SUPPLY CONTRACT"), the details of which are included in Exhibit A.
- B. OWNER later exercised its option to purchase under the SUPPLY CONTRACT an additional Gas Turbine plant (CLAYVILLE1) incorporating Rolls-Royce manufactured equipment, which its installation, commissioning and initial commercial operation is expected to be completed in the fourth quarter of 2015.
- C. Siemens provides maintenance services for DOWN11 equipment pursuant to SUPPLY CONTRACT Change Order No. 4 exercising Long Term Service Agreement (LTSA) TotalCare Maintenance Agreement, Reference No. 0426. (the "Original Long Term Service Agreement")
- D. SUPPLY CONTRACT and Long Term Service Agreement (LTSA) TotalCare Maintenance Agreement, Reference No. 0426 has been novated by that certain Novation Agreement among VMEU, Rolls-Royce and Siemens, dated March 11, 2015.
- E. The OWNER wishes SELLER to provide maintenance services for both DOWN11 and CLAYVILLE1 gas turbine equipment in accordance with the terms and conditions of this AGREEMENT.
- F. OWNER and SELLER desire to amend and reinstate without any gap in coverage the Original Long Term Service Agreement and intend that this Agreement replaces and supersedes, the Original Long Term Service Agreement in its entirety.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

1. The Terms and Conditions comprising clauses 1 to 29 inclusive and Exhibits A to J of this AGREEMENT have been incorporated under the City of Vineland Change Order No. X initialed by the PARTIES and are an integral part of this AGREEMENT
2. In consideration of the payment of fees to be made by OWNER to SELLER and other valuable consideration, SELLER agrees to provide the SERVICES in conformity with the provisions of this AGREEMENT.

IN WITNESS WHEREOF the PARTIES have caused the City of Vineland Change Order No. X to be signed on their behalf by their authorized officers the day and year first before written.

1 TERMS USED IN THIS AGREEMENT

In this AGREEMENT, unless the context otherwise requires:

- 1.1 "ANNUAL MAINTENANCE FEE" shall mean the annual fee calculated in accordance with clause 8 and Exhibit H hereto.
- 1.2 "CLAYVILLE1" shall refer to the COVERED EQUIPMENT located at the Clayville Generation Station, 4087 S. Lincoln Ave, Vineland, NJ 08361
- 1.3 "COMMENCEMENT" shall mean the date upon which the SELLER commences the SERVICES being the date specified in Exhibit A.
- 1.4 "CONTRACT YEAR" shall mean each twelve-month period, the first CONTRACT YEAR beginning on COMMENCEMENT and each subsequent CONTRACT YEAR beginning on successive anniversaries of COMMENCEMENT.
- 1.5 "COVERED EQUIPMENT" shall mean those items of equipment identified in Exhibit B for which the SERVICES are provided by SELLER.
- 1.6 "DELIVER", "DELIVERED" or "DELIVERY" shall refer to the delivery of the part or COVERED EQUIPMENT or component concerned, in accordance with the place and delivery term specified in Exhibit A.
- 1.7 "DOWN11" shall refer to the COVERED EQUIPMENT located at the Howard Down Generation Station, 211 North West Ave, Vineland, NJ 08362
- 1.8 "EXTRA WORK" shall mean work or services requested by the OWNER that is not a part of the SERVICES and which is not included in any fixed prices or rates that are defined herein.
- 1.9 "FIELD SERVICE ENGINEERS" shall mean personnel provided by SELLER under this AGREEMENT to undertake the SERVICES at the SITE.
- 1.10 "FORCE MAJEURE" shall have the meaning as indicated in Section 2.10B. of the SUPPLY CONTRACT.
- 1.11 "GOODS" shall mean any spare parts, components, SERVICE EXCHANGE UNIT (if applicable) and parts of the COVERED EQUIPMENT to which an OVERHAUL is undertaken, each being provided by SELLER as part of the SERVICES.
- 1.12 "LEASE" shall mean a lease of a LEASE ENGINE by SELLER to the OWNER which shall commence upon the date of DELIVERY of the LEASE ENGINE to the OWNER and end upon return-DELIVERY of the LEASE ENGINE to the SELLER.
- 1.13 "LEASE CLUB" shall mean the agreement entered into by and between OWNER and Siemens under which the OWNER may utilize LEASE ENGINES from the Siemens lease pool, on the terms set out therein.
- 1.14 "LEASE ENGINE" shall mean a gas generator or gas turbine of a type equivalent in specification to that owned by OWNER, and which is temporarily leased to OWNER in accordance with the terms of the LEASE CLUB.
- 1.15 "MANUAL" shall mean operation and maintenance manuals for the COVERED EQUIPMENT (including updates) together with service bulletins, service information

letters and written advice provided by SELLER and/or the original COVERED EQUIPMENT suppliers.

- 1.16 "MISUSE" shall mean any of the following:
- negligent use including a failure to act upon alarm signals or rendering such alarms ineffective), accidental or deliberate damage to COVERED EQUIPMENT
 - failure to undertake routine maintenance of COVERED EQUIPMENT
 - operation of the COVERED EQUIPMENT outside the parameters set out in the SUPPLY CONTRACT or contrary to the requirements of the MANUALS
 - damage to COVERED EQUIPMENT caused by the ingestion of foreign objects
 - use of non-SELLER approved lubricants
 - incorporation of parts obtained from unapproved sources
 - failure to maintain fuel and air quality within required specification
 - operation of the COVERED EQUIPMENT following advice from the SELLER that its condition is such that it should not be operated.
- 1.17 "NOTICE" shall mean any notice that is issued in accordance with the terms of the AGREEMENT from one PARTY to the other in relation to:
- any material breach of the AGREEMENT,
 - termination of the AGREEMENT,
 - suspension of the SERVICES, or
 - FORCE MAJEURE.
- 1.18 "OVERHAUL" shall mean the disassembly or partial disassembly of a gas turbine or gas generator and/or power turbine, inspection, necessary replacement or refurbishment of parts, reassembly, re-installation and testing of the unit, as detailed in Exhibits D to enable the relevant unit to operate in a SERVICEABLE CONDITION until the next scheduled OVERHAUL.
- 1.19 "OWNER" shall mean Vineland Municipal Electric Utility, acting through itself or through its duly empowered employees as the owner of the COVERED EQUIPMENT.
- 1.20 "PARTY" shall mean either the OWNER or SELLER as the context requires and "PARTIES" shall mean the OWNER and SELLER together.
- 1.21 "ROUTINE MAINTENANCE" means the regular day-to-day maintenance of the COVERED EQUIPMENT performed by OWNER, as more particularly described in the MANUALS and maintenance plan, other than that defined as SCHEDULED MAINTENANCE and UNSCHEDULED MAINTENANCE.
- 1.22 "SCHEDULED DATE FOR COMMENCEMENT" is the planned date upon which COMMENCEMENT shall occur, being the date specified in Exhibit A.
- 1.23 "SCHEDULED MAINTENANCE" shall mean the maintenance activities including scheduled inspections and/or OVERHAULS, and/or refurbishment of the COVERED EQUIPMENT to be carried out at predetermined intervals, as detailed in Exhibits A and E.
- 1.24 "SERVICEABLE CONDITION" means that, in the opinion of SELLER, the COVERED EQUIPMENT is in a satisfactory and safe condition, capable of continued operation until the next SCHEDULED MAINTENANCE activity, at an appropriate level of

performance and reliability that is commensurate with its age and in-service operational hours.

- 1.25 "SERVICES" shall mean the whole of the services to be provided by SELLER under this AGREEMENT in respect of the COVERED EQUIPMENT, the scope of which is detailed in the Exhibits.
- 1.26 "SITE" shall mean the two locations identified in Exhibit A where the COVERED EQUIPMENT is located including the buildings and other plant and equipment comprising the OWNER's facility and where certain parts of the SERVICES will be performed by SELLER.
- 1.27 "UNSCHEDULED EVENT" shall mean any operating faults or failures in the COVERED EQUIPMENT requiring maintenance SERVICES by FIELD SERVICE REPRESENTATIVES, or repair or replacement of failed parts of the COVERED EQUIPMENT in order to restore the COVERED EQUIPMENT to a SERVICEABLE CONDITION
- 1.28 "UNSCHEDULED MAINTENANCE" shall mean any maintenance services other than SCHEDULED MAINTENANCE that is required to be undertaken by SELLER including the corrections and repairs due to UNSCHEDULED EVENTS so as to restore the COVERED EQUIPMENT to a SERVICEABLE CONDITION.

2 PURPOSE OF THE AGREEMENT

- 2.1 This AGREEMENT sets out the scope of SERVICES that shall be provided by SELLER, the prices that shall be paid by OWNER to SELLER for provision of the SERVICES, and the terms and conditions agreed by the PARTIES defining how the PARTIES shall conduct themselves and their respective obligations and liabilities.
- 2.2 SELLER shall provide the SERVICES set out in the Exhibits and in the manner described in clause 6 in order to maintain the COVERED EQUIPMENT in a SERVICEABLE CONDITION.
- 2.3 The provision of the SERVICES in accordance with this AGREEMENT and cooperation of the PARTIES in the monitoring and maintenance of the COVERED EQUIPMENT shall assist the OWNER in achieving the following benefits:-
- Optimization of maintenance planning and minimizing associated down-time for the COVERED EQUIPMENT
 - reduced occurrence of UNSCHEDULED EVENTS and contribution to higher availability
 - structured approach to assist OWNER with maintenance cost forecasting
 - confidence that the COVERED EQUIPMENT will continue to operate safely and efficiently

3 PERIOD FOR PROVIDING SERVICES UNDER THE AGREEMENT

- 3.1 This AGREEMENT shall become effective upon signature by both PARTIES.
- 3.2 SELLER shall commence the provision of SERVICES upon COMMENCEMENT.

-
- 3.3 The period for providing SERVICES under this AGREEMENT shall continue for the duration stated in Exhibit A but subject always to any termination in accordance with the provisions of this AGREEMENT.
- 3.4 The period for providing SERVICES under this AGREEMENT may be extended at the discretion of the PARTIES, subject to mutual agreement in writing on the terms and conditions.
- 3.5 If COMMENCEMENT is delayed beyond the SCHEDULED DATE FOR COMMENCEMENT other than for reasons solely attributed to SELLER under this AGREEMENT then,
- i) SELLER's remuneration for the performance of the SERVICES for the first CONTRACT YEAR as detailed in Exhibit H hereto shall be escalated for the period of the delay, and
 - ii) in the event that COMMENCEMENT does not occur within 180 days of the SCHEDULED DATE FOR COMMENCEMENT, SELLER may upon giving NOTICE to the OWNER, elect either to terminate the AGREEMENT forthwith, or may seek to renegotiate the terms applying to the AGREEMENT.

4 COVERED EQUIPMENT

- 4.1 The SERVICES are provided for the COVERED EQUIPMENT being only those items of equipment identified in Exhibit B.
- 4.2 Should the OWNER require additional services to be provided in relation to equipment that is not a part of the COVERED EQUIPMENT, OWNER may request this EXTRA WORK to be undertaken as a variation to the AGREEMENT.
- 4.3 Unless the subject of EXTRA WORK requested by OWNER and agreed by SELLER, OWNER is responsible for all maintenance, repair and overhaul of all equipment at SITE other than for the COVERED EQUIPMENT.

5 OPERATING ASSUMPTIONS

- 5.1 The OWNER shall ensure that the COVERED EQUIPMENT is operated and routinely maintained by a proficient operator, and in full accordance with the MANUALS and with good industry practice, all as more particularly set out in Exhibit C.
- 5.2 OWNER shall ensure that the quality of all fuels, lubricants, coolants, water and wash fluids are all in accordance with the applicable specifications provided in Exhibit C.
- 5.3 It is assumed that the air quality shall remain as specified in Exhibit C and that the COVERED EQUIPMENT will be operated as per the regime defined therein. Any changes to these shall be reported to SELLER in order that the SERVICES and or the prices can be adjusted accordingly.
- 5.4 The SERVICES do not extend to include general parts procurement, UNSCHEDULED MAINTENANCE requirements resulting from MISUSE, although arrangements for any additional services or supplies will be coordinated by SELLER and subject to a separate contractual arrangement.

6 SCOPE OF SERVICES

6.1 General

The SERVICES provided under this AGREEMENT comprise the Core Services, the Scheduled Services and the Comprehensive Services as set out below and as further defined in the Exhibits, together with any Additional Services specified in Exhibit A, and EXTRA WORK agreed by the PARTIES during the term of the AGREEMENT.

SELLER shall undertake the SERVICES in a professional manner. All FIELD SERVICE ENGINEERS shall have been adequately instructed and trained to perform the SERVICES in a competent manner.

SELLER shall endeavor to complete all SERVICES as planned. If it is not possible to complete the SITE SERVICE activities as planned, SELLER shall use all reasonable endeavors to extend the attendance of its FIELD SERVICE ENGINEERS at the SITE, provided always that the OWNER continues to make the COVERED EQUIPMENT available for SELLER to perform the maintenance activities.

While aiming to deliver the benefits set out in clause 2.3 and except for those explicit guarantees of performance defined in Exhibit F, the SELLER does not otherwise guarantee that the performance of the SERVICES shall result in any particular level of performance of the COVERED EQUIPMENT, in any degree of availability or reliability of the COVERED EQUIPMENT, or that the performance or availability of the COVERED EQUIPMENT will be improved through the delivery of the SERVICES.

6.2 Core Services

6.2.1 Contract Establishment

Upon signature of this AGREEMENT, SELLER will perform the preparatory work to ensure that resources are in place to carry out SERVICES, including but not limited to the following as necessary:

- Produce an initial detailed maintenance plan recognizing the Operating Assumptions set out in Exhibit C, maintenance activities to be performed, manpower, materials and tooling resources necessary for SCHEDULED MAINTENANCE and ROUTINE MAINTENANCE.
- Set-up the necessary hardware/software for Equipment Health Monitoring pursuant to sub-clause 6.2.5.
- Undertake SITE specific health & safety training and familiarization requirement as required.
- Order, process, expedite and deliver spare parts pursuant to sub-clause 9.4 and Exhibit E.
- Establish project software and project documentation necessary for contract support
- Establish contacts with vendors for third-party services as required
- In consultation with OWNER, arrange for and participate in an initial meeting with SELLER (kick-off meeting) to review the AGREEMENT with execution staff, discuss procedures, and consider short and long term plans and activities.

6.2.2 Project Management

Upon COMMENCEMENT and in accordance with clause 20, SELLER shall appoint a project manager as its Representative for the purpose of

managing the delivery of the SERVICES and communicating with OWNER during the term of the AGREEMENT.

SELLER shall assist OWNER with maintenance planning activities and shall advise OWNER on ROUTINE MAINTENANCE issues and operational aspects relating to the COVERED EQUIPMENT.

At the beginning of each CONTRACT YEAR, SELLER will consult with the OWNER and shall prepare a maintenance plan based on the OWNER's operating profile, detailing when the SCHEDULED MAINTENANCE activities are planned to take place. Each Party shall employ reasonable endeavors to accommodate SCHEDULED MAINTENANCE in accordance with the maintenance plan, but SELLER and the OWNER may, for operational or other reasons, agree to vary the date for performance of any SCHEDULED MAINTENANCE activity.

Maintenance planning support shall consider

- Arrangements to deliver special tools
- Development of high level long term plan
- Liaison regarding preparation and development of current year plan
- Quality plans for site service activities
- Delivery arrangements & storage requirements for inspection kits
- Confirmation of site visits and identification of FIELD SERVICE ENGINEERS
- Future labor and/or crantage requirements to be provided by OWNER
- Advice on consumables to be provided by OWNER
- Provision by OWNER of SITE H&S plan for SELLER review.
- H&S induction training
- Provision of method statements for SERVICES

SELLER shall advise the OWNER regarding any changes made to the MANUALS and shall assist the OWNER in identifying any supplemental operator training courses that may be required.

Periodically, SELLER may request OWNER to provide samples of fuel for analysis. SELLER shall advise OWNER the results of such analysis, and provide recommendations to OWNER concerning fuel and or associated operational issues.

For so long as SELLER (or a subsidiary company of Siemens) has ongoing obligations to the OWNER under the warranty (defect liability) provisions of the SUPPLY CONTRACT, the SELLER Representative will act as the point of contact for the OWNER in relation to warranty claims under the SUPPLY CONTRACT. The Representative shall act as point of contact in respect of all the plant and equipment supplied under the SUPPLY CONTRACT, and not limited to the COVERED EQUIPMENT. Warranty work shall be coordinated with the SERVICES in order to operate efficiently and to minimize disruption to the operation of the COVERED EQUIPMENT.

6.2.3 Specialized Maintenance Tools

SELLER will provide specialized maintenance tools for use by its FIELD SERVICE ENGINEERS during SITE maintenance activities. At SELLER discretion, these tools may be stored on SITE in a suitable location as agreed between SELLER and the OWNER, and will remain the property of SELLER at all times. Tools may be removed from SITE at all reasonable

times at the discretion of SELLER. SELLER shall be responsible for transportation of tools to/from the SITE/mainland base.

6.2.4 Advisory Services

SELLER will maintain an advisory support service at a designated facility with whom the OWNER may consult for advice on the ROUTINE MAINTENANCE and operation of the Equipment. SELLER shall advise the contact names and details of the designated facility upon COMMENCEMENT. Alternatively OWNER may request SELLER Representative for routine operational or technical advice in which event the SELLER Representative shall coordinate an appropriate response from appropriate specialists.

Where OWNER enquires regarding technical improvements or adjustments to the operational or performance characteristics of the COVERED EQUIPMENT, SELLER Representative shall coordinate a response and shall arrange for proposals to be submitted to OWNER.

6.2.5 Equipment Health Monitoring

Equipment Health Monitoring equipment shall be installed by SELLER to log operational and performance data relating to the COVERED EQUIPMENT. This data shall be periodically transmitted to SELLER through a centralized and established, secure Siemens facility. The collected data shall be analyzed and used to assist in the early identification of problems and to enable pre-emptive solutions to be deployed.

Equipment Health Monitoring provides select OWNER personnel Web Portal access to VisiumDiagnostics and Live Link products.

VisiumDiagnostics provides OWNER visibility of unit condition, alarms, notifications and Siemens actions generated by the program. The diagnostic tool provides access to pre-defined and custom charts and graphs.

Live Link provides OWNER remote read only access to each units Human Machine Interface with the FT125 process controller.

The OWNER shall provide and maintain at its own cost an internet connection for the purposes of transmitting the data to the Rolls-Royce facility. OWNER grants to SELLER the free use of the data for the purposes of monitoring and analyzing the performance of the COVERED EQUIPMENT as set out in this AGREEMENT. .

All Equipment Health Monitoring equipment installed at the SITE by SELLER shall remain the property of SELLER and shall be removed by SELLER at the end of the period for providing the SERVICES or upon termination, whichever shall first occur.

6.2.6 24/7 Technical Support

SELLER shall provide a technical support service to assist OWNER with the prompt identification and resolution of operational problems concerning the COVERED EQUIPMENT. The OWNER shall be able to access this service via telephone twenty-four hours per day, seven days per week.

Upon COMMENCEMENT, SELLER shall advise the contact details for this service. Problems that cannot be resolved using this facility shall be referred

to the SELLER's Representative for resolution in accordance with the AGREEMENT.

6.2.7 Field Service Priority

In the event that the SERVICES necessitate the urgent requirement for FIELD SERVICE ENGINEERS to visit the SITE, SELLER shall make all reasonable efforts to ensure attendance at the agreed time and shall prioritize OWNER's requirement over other general requests to SELLER to provide field services elsewhere.

6.3 Scheduled Services

6.3.1 General

SELLER shall provide all SCHEDULED MAINTENANCE as set out in Exhibit D and in accordance with the agreed maintenance plan. SCHEDULED MAINTENANCE shall include

- Periodic inspections, nominally occurring annually (Class A1 and Class A Inspections).
- Midlife and Major OVERHAULS (Class B and Class C inspections), as specified in EXHIBITSA and D occurring nominally at 25,000 and 50,000 operating hours (if applicable).

SELLER will provide such FIELD SERVICE ENGINEERS as are required to promptly and safely perform the SCHEDULED MAINTENANCE in accordance with the maintenance plan.

SELLER will provide the OWNER with method statements and risk assessments for SCHEDULED MAINTENANCE activities undertaken at SITE.

SELLER shall bear the costs of transport of its FIELD SERVICE ENGINEERS to and from the SITE (in the case of a land based facility) or to and from the OWNER's mainland base. SELLER shall arrange subsistence and accommodation for its FIELD SERVICE ENGINEERS at an off-site facility.

On conclusion of each SCHEDULED MAINTENANCE activity, the FIELD SERVICE ENGINEER shall provide his opinion on the condition of the COVERED EQUIPMENT. He shall confirm that the COVERED EQUIPMENT is in a SERVICABLE CONDITION and/or advise the OWNER of any concerns relating to the condition of the COVERED EQUIPMENT.

Any minor items of work that do not jeopardize the safe operation of the COVERED EQUIPMENT that are not completed during any SCHEDULED MAINTENANCE activity may be re-scheduled for a time appropriate and acceptable to the PARTIES. In the event that SCHEDULED MAINTENANCE activities are curtailed and rescheduled at the request of the OWNER or the OWNER, the OWNER shall bear the additional costs of travel incurred by SELLER.

If during the course of SCHEDULED MAINTENANCE a requirement for UNSCHEDULED MAINTENANCE is identified (such as worn parts needing repair or replacement), the FIELD SERVICE ENGINEERS will advise the OWNER accordingly. If practicable and subject to the agreement of both PARTIES and the receipt of OWNER's purchase order for parts and/or labor to fit same, the FIELD SERVICE ENGINEERS will arrange to carry out such work alongside the SCHEDULED MAINTENANCE.

6.3.2 Inspection Kits

Pursuant to sub-clause 6.5.1, SELLER will provide inspection kits consisting of spare parts for SCHEDULED MAINTENANCE, which includes the basic spare parts generally required for SCHEDULED MAINTENANCE without considering UNSCHEDULED MAINTENANCE.

In advance of SCHEDULED MAINTENANCE, PARTIES will work together to determine if any UNSCHEDULED MAINTENANCE will be performed at the same time as the SCHEDULED MAINTENANCE requiring additional spare parts. The cost of any such additional spare parts for UNSCHEDULED MAINTENANCE is subject to the compensation structure for UNSCHEDULED MAINTENANCE pursuant to clause 8 Prices, Fees, Payment and Taxes.

6.3.3 Overhauls (If applicable)

Subject to the operating assumptions set out in clause 5, OVERHAULS will generally be required every 25,000 equivalent hours of operation. SELLER shall undertake the OVERHAULS detailed in Exhibits D. SELLER and the OWNER shall provisionally plan the OVERHAULS at COMMENCEMENT and review these planned dates annually. Due consideration will be given by each PARTY to agree a mutually acceptable time to undertake the OVERHAUL.

SELLER undertakes to use all reasonable endeavors to arrange for OVERHAULS to be completed within the planned timescales.

In the event that OVERHAULS are deemed necessary earlier than the nominal operating periods stated above due to exceptional wear and tear, or if a significant failure of the COVERED EQUIPMENT occurs, the PARTIES may agree to undertake one or more OVERHAULS at an earlier time.

6.3.4 Reports

On each occasion that a FIELD SERVICE ENGINEER attends the SITE to perform SCHEDULED MAINTENANCE, SELLER shall within four weeks from the date of completing such SCHEDULED MAINTENANCE, provide a written report to the OWNER summarizing the work performed, observations made and action taken by the FIELD SERVICE ENGINEER or recommendations based on the information and data available at that time.

6.4 Comprehensive Services

6.4.1 General

Subject to any limitation set out herein, SELLER shall provide UNSCHEDULED MAINTENANCE services which may include:

- Technical advisory service to promptly identify and remedy problems that can be fixed by an experienced end/user/operator
- Repair or replacement of failed parts
- Field Service support at the SITE

- Repairs to COVERED EQUIPMENT

In the event that the COVERED EQUIPMENT experiences an unscheduled shutdown or UNSCHEDULED EVENT, the OWNER shall immediately contact SELLER's Representative by telephone and shall confirm such telephone report by E-mail, facsimile or other written means as soon as reasonably practical.

SELLER and the OWNER shall use reasonable endeavors to resolve the cause of the shutdown through troubleshooting, conducted via telephone and use of the health monitoring system. If it is established that the OWNER's personnel are unable to rectify the cause of the shutdown then SELLER will mobilize its FIELD SERVICE ENGINEERS to SITE. No attempt to restart the COVERED EQUIPMENT shall be carried-out until such time as SELLER's Representative or authorized personnel has reviewed the likely cause and given his authorization to attempt the restart.

SELLER shall promptly respond to the OWNER's requests to undertake UNSCHEDULED MAINTENANCE and shall perform at its option any services, repairs or part replacement necessary to return the COVERED EQUIPMENT to a SERVICABLE CONDITION.

On each occasion that a FIELD SERVICE ENGINEER attends the SITE to perform UNSCHEDULED MAINTENANCE, SELLER shall within four weeks from the date of completing such SCHEDULED MAINTENANCE, provide a written report to the OWNER summarizing the work performed, observations made and action taken by the FIELD SERVICE ENGINEER or recommendations based on the information and data available at that time

6.4.2 Repairs undertaken at Repair Base

In so far as it is reasonably possible, repair work will be undertaken at the SITE. In the event that it is necessary to undertake repairs to any COVERED EQUIPMENT away from the SITE at a repair base, SELLER will arrange the removal of the COVERED EQUIPMENT part and prepare it for transportation, and the OWNER shall DELIVER the COVERED EQUIPMENT to SELLER for repair. Upon completion of the repairs, SELLER will DELIVER the COVERED EQUIPMENT to the OWNER, and shall reinstall/recommission the COVERED EQUIPMENT at the SITE.

6.4.3 Compensation for UNSCHEDULED MAINTENANCE

In respect of any UNSCHEDULED EVENT, unless for corrective work pursuant to the warranty provisions of the Supply Contract or this AGREEMENT, the compensation for UNSCHEDULED MAINTENANCE will be in addition to the fixed fees pursuant to Exhibit H and will be charged based on SELLER's standard service rates, list parts prices and purchase prices effective at that time, together with associated travel and accommodation costs incurred. OWNER shall issue an order for such EXTRA WORK.

6.4.4 Misuse

SELLER shall promptly advise OWNER as soon as SELLER ascertains that the cause of any failure of or deficiency in the COVERED EQUIPMENT is

due to MISUSE. OWNER shall bear all costs for UNSCHEDULED MAINTENANCE resulting from MISUSE of the COVERED EQUIPMENT. All such work and services shall be considered as EXTRA WORK. OWNER shall issue a variation for such EXTRA WORK.

6.5 Repaired or Replacement Parts

6.5.1 General

SELLER will at its discretion either repair or replace parts as required in order to complete SCHEDULED MAINTENANCE and UNSCHEDULED MAINTENANCE, and shall maintain the COVERED EQUIPMENT in a SERVICEABLE CONDITION. Such parts may be DELIVERED to the OWNER in advance of any attendance at SITE by the FIELD SERVICE ENGINEER. Any replacement parts provided by SELLER may be new or refurbished.

Title to parts provided by SELLER will pass to the OWNER upon incorporation into the COVERED EQUIPMENT or, in the case of replenishment of OWNER's spares inventory, upon DELIVERY to OWNER.

6.5.2 Storage at Site

SELLER may elect to store, at no cost to SELLER, certain 'frontline' spare parts on SITE in a suitable location as agreed between SELLER and the OWNER. SELLER may add to or remove spare parts from its inventory at its discretion. These parts shall be separated from those parts stored and owned by the OWNER or the OWNER.

6.5.3 Utilization of OWNER Owned Parts

OWNER agrees that SELLER may utilize OWNER's spare parts inventory for the purposes of prompt completion of the SERVICES. In such event, SELLER will arrange to supply equivalent parts and replenish OWNER's spares inventory.

6.6 Additional Services

The following provisions shall apply to the extent that such Additional Services are included under this AGREEMENT.

6.6.1 Lease Club Membership

Subject to the ongoing payment of the ANNUAL MAINTENANCE FEE, OWNER is a member of the LEASE CLUB on the date of execution of the AGREEMENT and the provisions of this sub-clause shall apply.

SELLER shall coordinate with SELLER regarding OWNER's requirement for a LEASE ENGINE in accordance with the terms of the LEASE CLUB outlined in Exhibit I.

The OWNER and SELLER will arrange a mutually acceptable earliest possible date to undertake the installation of the LEASE ENGINE. Subject to the OWNER providing labor in accordance with the AGREEMENT, SELLER will undertake the unpacking, installation and setting to work of the LEASE ENGINE. The OWNER shall safely store all packing materials that will be used for return of the LEASE ENGINE.

When the OWNER's unit is available for re-installation, SELLER will uninstall the LEASE ENGINE and repack it ready for the OWNER to return in accordance with the terms of the LEASE CLUB.

Risk of loss of or damage to the LEASE ENGINE will pass to the OWNER in accordance with the terms of the LEASE CLUB. The OWNER shall at its sole cost maintain in force a policy or policies of insurance to cover all risk of loss of or damage to the LEASE ENGINE in accordance with the terms of the LEASE CLUB and shall ensure that SELLER as a named assured. The OWNER shall upon request by the SELLER provide evidence of such policy or policies of insurance.

The OWNER shall

- not permit anyone other than SELLER personnel to undertake the installation or uninstalling of the LEASE ENGINES;
- operate the LEASE ENGINES at its risk, subject to SELLER providing the same level of SERVICES in respect of the LEASE ENGINES as for the COVERED EQUIPMENT;
- continue to reports faults, problems and usage to SELLER in the same manner as for COVERED EQUIPMENT;
- only permit SELLER to undertake repairs, modifications and OVERHAULS to the LEASE ENGINES;
- allow SELLER to inspect the LEASE ENGINES at any reasonable time

In the event of any defect arising in the LEASE ENGINES during the period of use by the OWNER, SELLER shall, on behalf of the lessor, arrange the prompt remedy of such defects, and if a repair cannot be expediently undertaken at the SITE, SELLER shall arrange for a replacement LEASE ENGINE to be DELIVERED to the OWNER.

6.6.2 Performance Guarantees

Any guarantees associated with the performance of the SERVICES by the SELLER are restricted solely to the performance guarantees stated in Exhibit F.

In the event that the level of performance should not be achieved, the OWNER shall grant SELLER a reasonable period of time to make adjustments to and/or correct the COVERED EQUIPMENT where applicable, prior to any claim for liquidated damages.

If the performance guarantees are not achieved after such reasonable period and provided that such non-achievement causes material damage to the OWNER, the SELLER shall be liable to pay to OWNER liquidated damages in respect of such performance deficiency. The liquidated damages shall be as set out in and calculated in accordance with the rates stated in Exhibit F and limited to the maximum amount so stated.

Payment of such liquidated damages shall be SELLERS sole liability and the OWNER's sole remedy in respect of such failure to achieve the performance guarantees.

In the event that the COVERED EQUIPMENT achieves a better level of performance than the performance guarantees, the OWNER will pay SELLER any bonus in accordance with the rates specified in Exhibit F.

6.7 Extra Work

The OWNER may request SELLER to undertake EXTRA WORK, provided that such work is similar in nature to the SERVICES and can be completed within the term of this AGREEMENT. On receipt of such request, the SELLER may either make a proposal to OWNER concerning such EXTRA WORK or may offer to undertake the EXTRA WORK in accordance with the standard rates and prices provided in Exhibit G and adjusted in accordance with the AGREEMENT.

The OWNER shall issue a variation order to SELLER confirming the EXTRA WORK required and the additional price or rates applicable. The SELLER shall confirm his acceptance of the variation by countersigning a copy of the variation or by written acknowledgement of the variation.

6.8 DELIVERY Obligations

Wherever under this AGREEMENT, SELLER is required to DELIVER any GOODS, samples or parts of the COVERED EQUIPMENT to the OWNER, DELIVERY shall be made in accordance with Section 2.03 of the SUPPLY CONTRACT.

In the event that any OVERHAUL of the COVERED EQUIPMENT is undertaken at an overhaul base outside the country in which the COVERED EQUIPMENT is located, the OWNER shall be responsible for arranging any temporary export of COVERED EQUIPMENT and re-importing of such COVERED EQUIPMENT following completion of the work at the authorized overhaul base, and the OWNER shall be responsible for payment of any duties, taxes and levies imposed by the government or authorities of the country where the SITE is located. Title to any such COVERED EQUIPMENT shall remain with the OWNER throughout.

7 WARRANTY

7.1 General

During the currency of the AGREEMENT, the obligations of SELLER to provide SERVICES including any obligation to provide parts or field services at the SITE shall continue to apply to the COVERED EQUIPMENT after incorporation of such replacement parts or completion of the field service visit. Notwithstanding the foregoing, the SELLER grants to the OWNER and the OWNER accepts the SELLER warranty set forth in this clause 7 in respect of the SERVICES. This warranty shall apply in respect of all recently completed SERVICES and may continue irrespective of any termination of the AGREEMENT or expiry of the period for providing SERVICES.

THE OWNER ACCEPTS THAT THE EXPRESS BENEFITS OF THE WARRANTIES GRANTED TO THE OWNER UNDER THIS CLAUSE 7 TOGETHER WITH THE EXPRESS REMEDIES PROVIDED TO THE OWNER IN RESPECT OF THE SERVICES, REPRESENT THE ENTIRE RESPONSIBILITY AND LIABILITY OF SELLER IN RESPECT OF ALL WARRANTIES EXPRESS OR IMPLIED, WHETHER STATUTORY OR OTHERWISE, AND ANY OTHER OBLIGATIONS AND LIABILITIES WHATSOEVER OF SELLER IN RESPECT OF ANY DEFECTIVE WORK UNDERTAKEN AS PART OF THE SERVICES PROVIDED UNDER THIS AGREEMENT. EXCEPT FOR THE WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER DISCLAIMS ALL WARRANTIES OF ANY KIND INCLUDING WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Where under this AGREEMENT the OWNER makes a payment to SELLER in respect of either

- a) the supply of any GOODS including spare parts for use in the COVERED EQUIPMENT, or

b) a specific field service visit to undertake a SERVICE activity

then SELLER warrants that the GOODS and or SERVICE shall be free of defects for the periods set out in sub-clauses 7.2 and 7.3 below.

7.2 Goods Warranty See Section 3.16A through 3.16H of the SUPPLY CONTRACT

7.3 Workmanship Warranty

Except as otherwise warranted under clause 7.2 above, SELLER warrants that any SERVICE including any repair undertaken under this AGREEMENT shall be free of any defects in workmanship. The period for notifying defects in workmanship is 90 days from the date of completion of that part of the SERVICE.

If, within the period of warranty, it is shown to the reasonable satisfaction of SELLER that the SERVICE is defective, SELLER shall either repair or exchange any affected part as is necessary to return the COVERED EQUIPMENT to a SERVICEABLE CONDITION or shall re-perform the defective part of the SERVICES.

7.4 Conditions relating to Goods and Workmanship Warranties

For the purposes of correcting any defective SERVICES, OWNER shall provide assistance to SELLER including labor in accordance with his general obligations relating to the SERVICES.

If it is mutually beneficial for reasons of cost and time, to carry out rectification work at SITE rather than at SELLER's premises, the OWNER will allow SELLER access to the relevant part of the COVERED EQUIPMENT.

If SELLER replaces or renews any part of the COVERED EQUIPMENT then these warranty provisions shall apply to the part so replaced or renewed, provided however that the foregoing shall not serve to extend any warranty beyond the remaining portion of the original warranty period stated above other than by any downtime required to remedy the defect. If any GOODS provided by SELLER under this AGREEMENT are defective and require repair or replacement, the responsibility for transportation, customs, taxes and insurance charges involved in returning and redelivering any warranted GOODS or part thereof to and from the SELLER's works shall be the same as those relating to the original SERVICES.

Parts and/or SERVICES are not considered to be defective if any failure or deficient performance results directly or indirectly from fair wear and tear, MISUSE, dirt, unsuitable operating environment, ingestion of material foreign to the COVERED EQUIPMENT such as airborne material or due to the negligence of any person other than SELLER.

Only fuels, lubricating oils, compressor washing liquids and coolants recommended or approved in writing by the original manufacturer of the COVERED EQUIPMENT or SELLER shall have been used.

The COVERED EQUIPMENT and associated GOODS shall not have been installed, operated or maintained otherwise than in accordance with the appropriate SELLER recommendations and/or those of the original manufacturer, and mandatory requirements from time to time published and in particular the appropriate limiting rpm's and ECTs for each rating shall not have been exceeded.

The OWNER shall have maintained all specified settings, all warning, trip and control devices in working order to ensure adequate protection against secondary damage to the COVERED EQUIPMENT or GOODS.

No parts shall have been fitted to the COVERED EQUIPMENT or GOODS other than parts supplied by the original equipment manufacturer, SELLER or repair vendors approved by SELLER.

Prior to installation, all parts and/or GOODS shall have been properly packed and preserved in accordance with the original manufacturer's or SELLER's instructions.

Adequate records of operation, sufficient to enable the SELLER or the original equipment manufacturer to determine the operating history of the COVERED EQUIPMENT and/or the GOODS being the subject of any warranty claim hereunder shall be maintained and furnished to SELLER.

Any claim under this warranty shall be made in writing as soon as is reasonably possible after the discovery of the defect and shall include the full details of the circumstances of the defect. All alleged defective parts shall be made available to the SELLER by the OWNER for inspection and testing.

8 PRICES, FEES, PAYMENT and TAXES

8.1 Prices, Fees and Consideration

The amounts to be paid by OWNER to SELLER for the provision of SERVICES shall be in accordance with the fees and/or prices detailed in Exhibit H hereto and shall be subject to adjustment in accordance with the escalation formula set out in sub-clause 8.2.

If, as a result of any change in any law, regulation, consent or code of practice that takes effect after the date of signature of the AGREEMENT, the cost to SELLER for performing the SERVICES increases, the fees/prices shall be adjusted accordingly.

If SELLER is delayed in completing any of the SERVICES due to the fault of the OWNER including any failure to comply with the OWNER's responsibilities set out in clause 9, SELLER shall be entitled to receive additional fees as may reasonably be substantiated.

Where under this AGREEMENT, OWNER's used parts are to be exchanged for new or refurbished parts or components, the free transfer of title to the replaced part from the OWNER to SELLER is part of the consideration under this AGREEMENT. In the event that the OWNER fails to DELIVER parts or components as may be requested by SELLER in accordance with this AGREEMENT, then SELLER is entitled to adjust the amounts to be paid to SELLER in addition to any other remedies available to SELLER under this AGREEMENT.

8.2 Escalation

Unless otherwise stated, all fees and prices listed in Exhibit H including the ANNUAL MAINTENANCE FEE shall be subject to escalation, commencing at the beginning of the second CONTRACT YEAR and calculated as follows:

$$P_n = P_o \times (0.65(\ln/lo) + 0.35(mn/mo))$$

Where P_n is the relevant price or fee for CONTRACT YEAR in consideration
 P_o is the relevant price or fee for the first CONTRACT YEAR

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- lo is the index number of "US Bureau of Labor Statistics" Series (PCU3364: Aerospace product and parts manufacturing) for the month of October 2015
 - ln is the corresponding index to lo for the month immediately preceding the relevant new CONTRACT YEAR
 - mo is the index number of Producer Prices – MM22, table JVU7 "Price Indices of Material and Fuels Purchased", (published by the UK Office of National Statistics), for the month of October 2015
 - mn is the corresponding index to mo for the month immediately preceding the relevant new CONTRACT YEAR

If the United Kingdom or United States ceases to publish any of the statistics referred to above or modifies the basis of the calculation then SELLER shall have the right to substitute any officially recognized, proper and substantially equivalent statistic. In the event of a negative escalation for any CONTRACT YEAR, the relevant price or fee shall be equal to price or fee for the preceding CONTRACT YEAR.

8.3 Payment

The OWNER shall pay the ANNUAL MAINTENANCE FEE monthly in arrears. The prices and fees for specific parts of the SERVICES shall be due and payable in accordance with the terms set out in Exhibit H.

Where any fee or price is subject to escalation and the relevant indices are not available, the SELLER shall submit invoices based upon the most recent published indices, and shall issue a further invoice or credit note to correct the amount due when the applicable indices are published.

Payments shall be effected by the OWNER within 30 days from date of receipt of SELLER's invoice issued in respect of sums due in accordance with the AGREEMENT.

If payment of any fee or part thereof is delayed, SELLER shall be entitled to claim and the OWNER shall be liable to pay interest on the amount overdue at a rate of five one hundredths of one per cent (0.05%) per day for each day of delay until payment is received in full.

Payment shall be effected by credit transfer to SELLER's bank account at the address specified in Exhibit A.

Should the OWNER dispute any part of the amount on an invoice, the OWNER shall immediately inform SELLER of the fact and the reasons for the dispute. The OWNER and SELLER shall mutually enter into discussions to resolve, at the earliest possible time, such a dispute. The OWNER shall not withhold payment in respect of any undisputed amount. Upon settlement of the dispute the resolved amount shall become immediately due for payment.

8.4 Taxes

8.4.1 Subject to sub-clause 8.4.2 below, SELLER shall pay all imposts, duties, fees, taxes and other like charges levied on or against SELLER by the United States Government or any agency thereof in connection with the SERVICES undertaken by SELLER.

8.4.2

All fees and amounts stated to be payable by the OWNER pursuant to the AGREEMENT are exclusive of sales, use, excise, personal property, value added,

goods and services or similar taxes assessed by or payable to any jurisdiction that may be imposed relative to a sale, use or operation of the COVERED EQUIPMENT. The amount of any such taxes arising from or related to the sale or use of the COVERED EQUIPMENT or the SERVICES will be paid by OWNER, or in lieu thereof OWNER will provide SELLER with a tax-exemption certificate acceptable to the taxing authorities.

Tax-exemption certificates applicable as of the effective date of the AGREEMENT are attached in Exhibit J.

- 8.4.3 Except where the agreed DELIVERY term (Incoterm) obliges SELLER to pay import duties, the OWNER shall pay all other imposts, duties, fees, taxes and other like charges by whomsoever levied.
- 8.4.4 If the OWNER is required by any law to make any deduction or withholding from any amount payable to SELLER under this AGREEMENT, then the sum payable in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, SELLER shall receive (free from any liability in respect of any such deduction or withholding) a net sum equal to the amount which it would have received had no deduction or withholding been required to have been made. The OWNER shall pay any such withholding or deduction to the relevant authority as required by law and shall promptly provide SELLER with an official receipt or certificate in respect of the payment of the withholding or deduction upon request.
- 8.4.5 Both PARTIES agree to co-operate to eliminate or reduce any applicable taxes, duties, interests, penalties or similar charges which may be payable by either PARTY, including, where applicable, providing or issuing the necessary documentation to support or secure exemptions or recoveries. Furthermore, if as a result of a change in law or a change in the tax practice of any tax authority, either PARTY becomes subject to additional taxes, duties or similar charges which increases its financial liability during the term of this AGREEMENT, both PARTIES will negotiate in good faith to attempt to reduce or eliminate such additional taxes, duties and similar charges. This is provided that neither PARTY need take any steps, which in its reasonable opinion and acting in good faith would increase its obligations or would be prejudicial or adverse to it (whether in respect of tax affairs or otherwise).

9 RESPONSIBILITIES AND OBLIGATIONS OF THE OWNER

- 9.1 Access to COVERED EQUIPMENT and Local Transportation
The OWNER shall arrange for SELLER to have free, safe and unrestricted access to the COVERED EQUIPMENT, including the provision of temporary scaffolding, lighting and ladders etc, in order to perform the SERVICES in an efficient manner. The OWNER shall be responsible for the removal of any structures to enable safe and satisfactory access to the COVERED EQUIPMENT and to enable the removal of any part thereof.

Should the FIELD SERVICE ENGINEERS experience delays at SITE due to a failure or delay on the part of the OWNER to comply with any of its obligations or in fulfilling any of its responsibilities as set out in this AGREEMENT, the OWNER shall on request by SELLER pay for the waiting time of the FIELD SERVICE ENGINEERS at SELLER's standard rates of charge prevailing at the time and all other costs or expenses incurred by SELLER in connection with such delays including without limitation, additional lodging fees and meals.

9.2 Health and Safety

The OWNER shall retain overall responsibility for all health and safety matters related to the SERVICES undertaken by SELLER at the SITE. The OWNER will provide suitably qualified personnel to carry out all health and safety supervision when any FIELD SERVICE ENGINEER is undertaking SERVICES at the SITE. The OWNER will operate a "permit to work" system, and shall conduct SITE safety induction training of the FIELD SERVICE ENGINEERS. The OWNER's health and safety personnel will be present on SITE during the performance of any SERVICES.

The OWNER shall have sole responsibility to ensure that the COVERED EQUIPMENT is safely Isolated (i.e., disconnected from its outside supplies including but not limited to, all AC/DC electrical supplies, gas/liquid fuel supplies, fire and gas detection suppression equipment and/or any other ancillary systems which might in any way preclude a safe system of work) prior to undertaking any maintenance SERVICES, other than in relation to pre-shutdown checks where COVERED EQUIPMENT is of necessity required to be operational. The FIELD SERVICE ENGINEERS shall not carry out any work on the COVERED EQUIPMENT until safe isolation has been completed and a safe system of work can be demonstrated to the satisfaction of SELLER. Wherever possible all electrical switches shall be locked off in safe condition and where applicable all fuel/lubricating oil/gas/water/steam systems shall be depressurized and evacuated and all associated valves shall be de-energized and locked off in a safe condition. Known hazards shall be identified with warning signs (e.g. "hot components").

9.3 Labor and Tools

The OWNER shall make available to SELLER a minimum of two skilled and/or unskilled personnel to assist in the performance of SITE maintenance activities, but such personnel shall be deemed at all times to be employees of the OWNER. SELLER shall direct such skilled or unskilled personnel to ensure that the SCHEDULED MAINTENANCE and UNSCHEDULED MAINTENANCE are performed in a satisfactory manner. SELLER shall have no liability in relation to any deliberate or negligent act of such personnel.

The OWNER will make standard tool kits available for use by the FIELD SERVICE ENGINEERS at the SITE whilst undertaking SERVICES at the SITE.

All permanently and temporarily installed mechanical handling equipment originally provided with the COVERED EQUIPMENT shall be maintained in a fully functional condition by the OWNER and made available to the FIELD SERVICE ENGINEERS for immediate use if required for the SERVICES. Such mechanical handling equipment will include:

- All rail systems and associated sliders
- Any maintenance trolley and system
- Lifting eyes, runway beams and hoists
- Gas Turbine mechanical handling beams and rails.
- The Gas Turbine Berthing Tool assembly

OWNER shall be accountable for any delays resulting from failure to make tooling, labor or mechanical handling equipment available when required.

9.4 Spare Parts

The OWNER shall be responsible for purchasing, holding and maintaining the 'strategic/insurance' spare parts as recommended by SELLER and detailed in Exhibit E. SELLER will continue to advise the OWNER regarding future spares holdings. SELLER can rely on the availability of these OWNER owned spare parts and may utilize these in order to undertake maintenance SERVICES. Where SELLER is responsible for provision of parts in accordance with the SERVICES, SELLER shall replenish any OWNER parts used and shall DELIVER replacement spare parts to OWNER at the earliest opportunity.

The OWNER shall safely store any parts and/or inspection kits that are supplied by SELLER and DELIVERED to SITE prior to commencement of SERVICES at the SITE, and shall make the same available to the FIELD SERVICE ENGINEERS for the purpose of undertaking the same.

Upon request by SELLER, and partly in consideration for the SERVICES, OWNER shall DELIVER to SELLER any used part that is replaced under this AGREEMENT and shall ensure that title to such replaced part shall pass to SELLER on DELIVERY. The OWNER shall be responsible for the proper disposal of any replaced parts for which title is not transferred to SELLER.

9.5 Consumables

The OWNER shall at its expense provide consumables to the specification stated in the MANUALS, which are required for the maintenance of the COVERED EQUIPMENT, such as oils, greases, fluids, fuels, extinguishant, compressor wash fluids, lubricants, filters, illumination lamps and fuses. Where any consumable is to be replaced or required during SCHEDULED MAINTENANCE, the OWNER shall ensure that these are available at the appropriate time.

The OWNER shall be responsible for the provision of suitable containers for waste consumables and for the safe disposal of the same in accordance with applicable regulations and legal requirements.

9.6 Storage and care

The OWNER shall, at the request of SELLER provide a secure and suitable tool and spares storage facility for the exclusive use by SELLER to store any special tooling that may be located at the SITE for any period during the period for providing SERVICES.

Where any inspection kit, part or SERVICE EXCHANGE UNIT is DELIVERED to the OWNER prior to incorporation into the COVERED EQUIPMENT by SELLER, the OWNER shall be responsible for the safe storage of such item until required by SELLER to undertake any SCHEDULED MAINTENANCE or UNSCHEDULED MAINTENANCE.

The OWNER shall be responsible for any damage to, loss or theft of, any such tools and parts whilst stored on SITE except where such loss or damage is due to SELLER's negligence.

9.7 Plant Operation

The OWNER shall be responsible for the operation of the plant and COVERED EQUIPMENT at all times. For the avoidance of doubt, the FIELD SERVICE ENGINEERS are not authorized to operate the COVERED EQUIPMENT, and in the

event that operation of the COVERED EQUIPMENT is required in order to complete the SERVICES, the OWNER agrees to operate the COVERED EQUIPMENT in accordance with the FIELD SERVICE ENGINEER's reasonable requests and subject always to maintaining a safe working environment in accordance with the OWNER's permit to work system. Prior to any operation, the OWNER will undertake, without limitation, complete checkout of all plant systems, settings and switches prior to any start up.

The OWNER shall ensure that the COVERED EQUIPMENT is operated strictly within the performance parameters specified in the SUPPLY CONTRACT, in the MANUALS and all applicable laws, rules, regulations and orders.

The OWNER will ensure that the fuel used in the operation of the COVERED EQUIPMENT is in accordance with the SELLER specification provided in Exhibit C, and will DELIVER samples of same to the SELLER on a monthly basis. Samples will be packed for transportation in accordance with all applicable regulations (from SITE to SELLER'S premises) and DELIVERED to SELLER in accordance with Exhibit A.

The OWNER will acquire and maintain all permits, licenses and approvals necessary to use, operate and maintain the plant and the COVERED EQUIPMENT.

The OWNER shall advise SELLER in writing at weekly intervals of the number of COVERED EQUIPMENT starts, operating hours, and power output of the COVERED EQUIPMENT together with such instrument readings as are requested by SELLER.

The OWNER will advise SELLER immediately of any operating abnormalities, faults, defects or malfunctions in the COVERED EQUIPMENT, and confirm the same in writing within 2 days of giving any verbal advice.

The OWNER will provide at SITE and at its expense a suitable Internet connection facility for the exclusive use of the SELLER to interface with the COVERED EQUIPMENT data logger to enable SELLER to remotely download COVERED EQUIPMENT operating data from SITE.

9.8 ROUTINE MAINTENANCE and Repairs

The OWNER is responsible for all ROUTINE MAINTENANCE of the COVERED EQUIPMENT in accordance with the MANUALS, manufacturer's recommendations, good industry practice. Except in relation to any obligation of the SELLER specified in the scope of SERVICES where certain instruments are concerned, the OWNER shall be responsible for calibration of all instrumentation to ensure the safe operation of the COVERED EQUIPMENT and to ensure the accurate measurement and recording of its performance.

The OWNER shall ensure that any and all repairs to the COVERED EQUIPMENT are undertaken by SELLER or by parties that are approved in writing by SELLER to undertake such work.

The OWNER shall ensure that operation, repair and ROUTINE MAINTENANCE records for the COVERED EQUIPMENT are maintained, kept up-to-date and made available at the SITE for review by SELLER.

9.9 SITE Facilities

Whilst attending the SITE, the OWNER shall arrange for FIELD SERVICE ENGINEERS to be provided with the following facilities free of charge:

- o Reasonable access to SITE workshop facilities.

- SITE transport and lifting equipment, rigging, scaffolding, cranes and labor.
- First aid officers and facilities, washroom and dining facilities consistent with that provided to the OWNER's personnel.
- Emergency medical attention (if required).
- Clean and usable office accommodation, telephone, facsimile facilities and telephone line access as required for the performance of work hereunder.
- Adequate lockable storage facilities for their personal effects, clothing etc. as they may reasonably have with them.
- An adequate 'set-down area' and working area for the use of the FIELD SERVICE ENGINEERS when removing and working on large assemblies from the COVERED EQUIPMENT. The set-down area and working areas shall be dry, secure and safely accessible to either an overhead crane or fork-lift truck.
- Where the site is located offshore, or in a remote location to which access by normal means is not readily available, the OWNER shall provide emergency evacuation, all accommodation and messing facilities to the FIELD SERVICE ENGINEERS.

9.10 Other Equipment

The OWNER shall be responsible for the operation, maintenance and repair of any other plant or equipment not detailed in Exhibit B hereto. If the OWNER replaces the whole or any part of such plant or equipment, the OWNER will be responsible for ensuring that such replacement plant or equipment complies with the design intent of, and properly interfaces with, the COVERED EQUIPMENT with respect to form, fit, function, maintenance, repairs and performance.

9.11 Requirement to Maintain the COVERED EQUIPMENT

The OWNER undertakes to SELLER that during the term of this AGREEMENT, all SCHEDULED MAINTENANCE and UNSCHEDULED MAINTENANCE shall be performed by SELLER in accordance with the terms set out herein, irrespective of whether payment for these SERVICES is by means of an all inclusive fixed fee, fixed rates or on a time and materials basis at SELLER's then current prices and rates.

9.12 OWNER Operators

The OWNER undertakes that all of its operators and personnel required to liaise with SELLER regarding the diagnosis of problems and/or operating faults, and requirements for the provision of SERVICES shall be trained to a high degree of professionalism and have good understanding of the COVERED EQUIPMENT. As a minimum, the OWNER shall ensure that its operators (current and new operators) will have successfully completed Rolls-Royce Operator Training Course and shall be proficient in the English language to enable effective communication on matters relating to operating faults or problems.

In the event that FIELD SERVICE ENGINEERS are mobilized at OWNER request, and such mobilization would have been unnecessary had the OWNER's personnel been adequately trained, SELLER shall be entitled to reimbursement of its reasonable costs incurred for that visit at the prevailing SELLER rates for provision of service personnel.

If requested, the SELLER Representative shall provide details of available Training courses and prevailing rates of charge for such courses.

10 HEALTH, SAFETY AND ENVIRONMENT See Section 4.04 & 4.05 of the SUPPLY CONTRACT

11 OBSOLESCENCE

Throughout the term of this AGREEMENT, unless equivalent components are available from other acceptable sources, SELLER shall advise the OWNER if it becomes aware of any plans to discontinue the production of spare parts or components within the following 24 months.

SELLER shall use reasonable endeavors to secure a sufficient stock of such parts necessary to complete the SCHEDULED MAINTENANCE services under this AGREEMENT prior to any cessation of production of which it is aware. SELLER shall advise and assist the OWNER to determine the number of 'strategic/insurance' spare parts that the OWNER should procure prior to any known cessation of production.

In the event that any part or component ceases to be available during the term of this AGREEMENT such that the COVERED EQUIPMENT cannot be maintained in a SERVICEABLE CONDITION, SELLER shall investigate alternative solutions to enable continued operation of the COVERED EQUIPMENT. In the event that any alternative solution is adopted by the OWNER, the cost of implementing the alternative solution including any modifications to the existing COVERED EQUIPMENT and/or the procurement of new components shall be to the account of the OWNER and is outside of the scope SERVICES.

If due to obsolescence, SELLER is unable to replace any of OWNER's 'strategic/insurance' spare parts used by SELLER in the course of providing the SERVICES, SELLER shall reimburse the OWNER in an amount equivalent to the original purchase price of the relevant part.

12 LIABILITIES AND INDEMNITIES See Sections 3.07 & 3.25 of the SUPPLY CONTRACT

12.1 Subject to the provisions of clause 18 (Limitation of Liability) and subject also to Property and Operational insurance being maintained by the OWNER in accordance with sub-clause 13.2, SELLER shall be liable for loss of or damage to the COVERED EQUIPMENT and LEASE ENGINE (if applicable), attributed to any accidental, negligent or deliberate act of the SELLER Group whilst in the care of SELLER for the purpose of undertaking the SERVICES.

13 INSURANCE

13.1 See Section 3.01 through 3.06 of the SUPPLY CONTRACT, except as modified below.

Section 3.01 shall be deleted in its entirety and replaced with the following:

3.01 Insurance

A. The Seller shall not commence work under the Contract until he has obtained all the insurance required under this section and such insurance has been approved by the Owner, nor shall the Seller allow any Sub-Vendors to commence work on his subcontract until all such insurance required of the Sub-Vendor has been so obtained and approved. The policies referred to in this section, **excluding Workers Compensation and Employers Liability**, shall include the Owner as an additional insured to the extent that bodily injury, death and third party property damage are caused by the negligent acts or omissions of Seller or Seller's Sub-Vendors.

13.2 Property and Operational Insurance

The OWNER shall, or shall be responsible for ensuring that the OWNER shall, maintain property and operational insurance in respect of the SITE including the COVERED EQUIPMENT and LEASE ENGINES (if applicable) throughout the period for providing SERVICES and any subsequent warranty period.

Such property and operational insurance shall cover inter alia loss of or damage to the COVERED EQUIPMENT and LEASE ENGINES (if applicable) and the SITE during or resulting from any maintenance of the COVERED EQUIPMENT. SELLER shall be included as an insured party under such insurance policies. OWNER shall, for itself and on behalf of its insurers, waive all rights of subrogation and recovery from SELLER for loss or damage covered by such property/operational insurance policies.

The OWNER shall provide SELLER with evidence of such insurance including certificates of insurance at COMMENCEMENT and at each occasion when such insurance is due for renewal.

Where SELLER is liable for the payment of any deductible pursuant to a claim against the property and operational insurance, such deductible shall not exceed 10% of the value of the insurance claim or fifty thousand US dollars (\$ 50,000), whichever is the lesser amount. The OWNER shall be responsible for any deductible sum in excess of this amount.

14 CONFIDENTIALITY AND OWNERSHIP OF PATENTS AND OTHER PROPRIETARY RIGHTS

- 14.1 All rights of title to copyright and ownership in any reports, drawings, specifications, data, memoranda, calculations, notes and other material or documents or any copies thereof, existing before or created pursuant to the AGREEMENT, are the property and copyright of the creating or furnishing PARTY and shall unless otherwise provided in terms of this AGREEMENT, be delivered to the creating or furnishing PARTY at the completion of the period for providing SERVICES or upon termination of the AGREEMENT.
- 14.2 The OWNER and SELLER shall exercise reasonable endeavors to identify any patent or proprietary or protected right which it is providing for the purposes of this AGREEMENT at the time that such patent or proprietary or protected right is so provided. Neither the OWNER nor SELLER shall have the right of use other than for the purpose of the AGREEMENT, whether directly or indirectly, of any patent, copyright, proprietary right or confidential know-how, trademark or process owned by the other PARTY. Any failure by either PARTY to identify such rights shall not in any respect affect the rights of either PARTY under sub-clause 14.1 hereof. Unless advised in writing to the contrary, all designs, drawings, data, memoranda, specifications, information and other materials which may be supplied by either PARTY in connection with the AGREEMENT, are confidential and must only be used for the purpose of this AGREEMENT.
- 14.3 Each PARTY shall treat as confidential all information supplied to it by the other under this AGREEMENT and shall not except as required by the AGREEMENT, use or disclose to others at any time, any such information supplied on plans, programs, plants, processes, products, costs, equipment or operations which may come within the knowledge of or which may be developed by either PARTY or its employees for the purpose of the obligations under the AGREEMENT. Both PARTIES shall use reasonable endeavors to restrict the knowledge of all such information to those of its employees carrying out the SERVICES and who need to receive such information.
- 14.4 The obligations in sub-clause 14.3 above will not apply to any information which:

- is in or comes into the public domain otherwise than by a breach of these conditions, or
- the recipient PARTY can show was in its possession by virtue of being recorded in its files or being in its use prior to receipt from the supplying PARTY, or
- the recipient PARTY receives from a bona fide third party not receiving the information directly or indirectly from the supplying PARTY.

14.5 Notwithstanding sub-clauses 14.1, 14.2 and 14.3 above, SELLER shall have the right to use information supplied by the OWNER in the development or improvement of its products and the OWNER shall have the right to use Information supplied by SELLER for the operation and ROUTINE MAINTENANCE of the COVERED EQUIPMENT for which it is provided. All rights, title and interest in any and all inventions which SELLER, its employees, servants or agents may make as a result of the performance of the AGREEMENT or which are wholly or in part based on or derived from information which is subject to this clause 14 shall vest in and remain with SELLER.

14.6 Section 3.23 of the SUPPLY CONTRACT shall also apply.

15 SUSPENSION

15.1 If the OWNER fails to comply with any of its obligations hereunder, including without limitation its obligations to make payments in accordance with the AGREEMENT, and such failure shall continue for seven days after SELLER shall have given written NOTICE to the OWNER requiring the same to be remedied, without prejudice to any other rights or remedies available to SELLER, SELLER shall be entitled forthwith to suspend performance of any part or all of the SERVICES until such time as the failure is remedied.

15.2 Section 2.14 of the SUPPLY CONTRACT shall also apply.

16 TERMINATION

16.1 Termination for Breach or Bankruptcy

16.1.1 If either PARTY shall become aware that the other PARTY (the "Defaulting PARTY") is in material breach of its obligations under the AGREEMENT, it shall give NOTICE to the Defaulting PARTY, and shall state in such NOTICE the time by which a remedy shall be effected, such time being no sooner than 30 days from delivery of the NOTICE unless a shorter period is specified.

16.1.2 Either PARTY shall have the right to terminate this AGREEMENT immediately should the Defaulting PARTY:

16.1.2.1 having been notified of a material breach, fail to remedy the breach by the time stated in the NOTICE; or

16.1.2.2 become bankrupt, or being a limited company, go into liquidation whether voluntarily or compulsorily, except for the purpose of amalgamation or reconstruction; or

16.1.2.3 is unable to pay its debts, becomes insolvent or if an administrator or administrative receiver of the whole or part of its assets is appointed; or

-
- 16.1.2.4 become subject to the control of a third person having no controlling interest at the date of this AGREEMENT; or
- 16.1.2.5 ceases or threatens to cease to carry on its business;
- or, in any jurisdiction outside of the United States, be subject to any matter that is the same or similar to any of the matters described in this sub-clause 16.1.2.
- 16.1.3 Upon termination, where the Defaulting PARTY is the OWNER, the OWNER shall be liable to pay to SELLER:
- 16.1.3.1 That portion of the ANNUAL MAINTENANCE FEE and any other outstanding charges, which are applicable up to the effective date of termination; and
- 16.1.3.2 All reasonable costs, losses and expenses suffered or incurred by SELLER arising out of or as a result of termination plus a sum in respect of a reasonable profit for the duration of the period for providing SERVICES.
- 16.1.4 Upon termination, where the Defaulting PARTY is SELLER, the OWNER shall be liable to pay to SELLER that portion of the ANNUAL MAINTENANCE FEE and any other outstanding charges, which are applicable up to the effective date of termination.
- 16.2 Termination for Convenience See Section 2.16 of SUPPLY CONTRACT however, the following conditions will apply:
- 16.2.1 This AGREEMENT may be terminated by OWNER for its own convenience upon the anniversary of COMMENCEMENT provided that:
- a) The SERVICES shall have provided by the SELLER for a period of not less than 3 calendar years.
- b) A NOTICE of termination shall have been issued to the other PARTY no less than 6 calendar months prior to the date of termination.
- The SELLER shall continue to undertake the SERVICES until the date of termination and the OWNER shall continue to pay the fees for the SERVICES.
- 16.2.2 In the event that the CONTRACT is terminated for the convenience of the OWNER, in addition to the fees that are due and payable in respect of the SERVICES, the OWNER shall pay a termination fee equivalent to 30% of the current ANNUAL MAINTENANCE FEE for each remaining year in the period for providing SERVICES as defined in Exhibit A.
- eg. If the period for providing SERVICES is 6 years, and the OWNER terminates the AGREEMENT for his convenience at the end of the fourth CONTRACT YEAR, the termination fee shall be: -
- $2 \times 30\% \times \text{ANNUAL MAINTENANCE FEE}$ applicable for the fourth CONTRACT YEAR

17 FORCE MAJEURE See Section 2.10B of the SUPPLY CONTRACT

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- 17.1 Should any event of FORCE MAJEURE exist for a continuous period of 120 days, then either PARTY at any time thereafter, and provided performance is still delayed or impeded, may by NOTICE to the other PARTY terminate this AGREEMENT without any further liability to the other except that SELLER shall be entitled to be compensated in accordance with the provisions of clause 16.1.4 hereof.

18 LIMITATION OF LIABILITY

- 18.1 For the purpose of this clause, "Excluded Loss" shall mean any loss of production, business interruption, loss of profit, loss of revenue, loss of contracts, loss of goodwill, costs resulting from non operation, increased expense of operation and/or maintenance, and all indirect loss, consequential loss and/or damage, resulting from the performance or non performance of this AGREEMENT, or from any act of negligence, or from breach of contract or otherwise by either PARTY.
- 18.2 Any exclusion or limitation of liability under this AGREEMENT shall exclude or limit such liability not only in contract but also in tort including without limitation negligence or otherwise at law, and except as otherwise provided in the AGREEMENT for the payment of liquidated damages or bonus payments and under sub-clause 16.1.3.2 (payment of a reasonable sum for anticipated profit), neither PARTY shall be liable in any event one to the other for any Excluded Loss, irrespective of whether such PARTY knew or ought to have known that losses or costs would be suffered by the other PARTY as a result of any performance, non-performance, act or breach.
- 18.3 EXCEPT IN RELATION TO ANY INDEMNITY GIVEN BY SELLER TO THE OWNER, IN ANY CONTRACT YEAR SELLER'S MAXIMUM AGGREGATE LIABILITY UNDER THIS AGREEMENT OR ANYTHING DONE IN CONNECTION THEREWITH WHETHER BASED IN CONTRACT, TORT OR OTHERWISE SHALL BE LIMITED TO THE AMOUNT STATED IN EXHIBIT A.
- 18.4 THE OWNER ACCEPTS THAT THE EXPRESS BENEFITS AND REMEDIES CONTAINED IN THIS AGREEMENT REPRESENT THE ENTIRE RESPONSIBILITY AND LIABILITY OF SELLER IN RESPECT OF ALL TERMS, CONDITIONS AND WARRANTIES, EXPRESS OR IMPLIED, WHETHER STATUTORY OR OTHERWISE, AND ANY OTHER OBLIGATIONS AND LIABILITIES WHATSOEVER OF SELLER RELATING TO THE PERFORMANCE OF THIS AGREEMENT.
- 18.5 Whenever SELLER or a FIELD SERVICE ENGINEER provides any opinion or advice, including;
- i) an opinion as to the SERVICEABLE CONDITION of the COVERED EQUIPMENT,
 - ii) advice on ROUTINE MAINTENANCE and operation,
 - iii) advice on spares holdings,
- such opinion or advice is provided in good faith based upon the information available, and such opinion or advice shall not be construed as any guarantee as to the current or future condition of the COVERED EQUIPMENT.

19 NOTICES

- 19.1 Any NOTICE to be given by either PARTY pursuant to this AGREEMENT shall be issued by that PARTY's Representative in writing, and shall be served by sending the same by recorded delivery, registered post, facsimile or other electronic means of data transmission, or by personal delivery to the location and for the attention of the person

identified in Exhibit A. All NOTICES shall be copied to the Representative of the receiving PARTY.

19.2 NOTICES shall be deemed to have been delivered:

- By recorded delivery or registered post, three days after posting.
- By facsimile or other electronic means of data transmission, at the time of transmission.
- By personal delivery, at the time of delivery.

20 REPRESENTATIVES See Section 1.04D & 1.04E of SUPPLY CONTRACT

20.1 The Representatives indicated in the above section of the SUPPLY CONTRACT are to be the point of contact for the respective PARTIES in relation to the arrangement of the SERVICES, giving and receiving information and advice, communicating any requirements, committing his respective PARTY and other matters associated with implementing this AGREEMENT.

20.2 The Representatives of the PARTIES are the persons also identified in Exhibit A. In the event that a PARTY intends to change its Representative, it shall advise the other PARTY in writing.

20.3 Each PARTY's Representative may delegate any of his responsibilities to a nominated deputy to deputize in his absence. The terms of such delegation shall be advised in writing to the other PARTY prior to such delegation. Thereafter, information, requirements and decisions given by any nominated deputy shall be as if from that PARTY'S Representative.

20.4 All information, requirements and decisions communicated by a PARTY's Representative or nominated deputy is deemed to be from, and carries the full authority of that PARTY.

21 INDEPENDENT SELLER See Section 3.18 of the SUPPLY CONTRACT.

22 WAIVER

No failure on the part of either PARTY at any time or from time to time to enforce or to require the adherence and performance of any of the terms and conditions of this AGREEMENT shall constitute a waiver of such terms or conditions and/or affect or impair such terms or conditions in any way or the right of either PARTY at any time to avail itself of such remedies as it may have for each and every breach of such terms and conditions.

23 AMENDMENT

No amendments and/or modifications to this AGREEMENT shall be effective unless agreement to such amendments and/or modifications are set out in writing and signed by duly authorized Representatives of each of the PARTIES.

24 ENTIRE AGREEMENT

This AGREEMENT (including Exhibits A to I attached hereto) represents the entire agreement between the PARTIES relating to SERVICES and supersedes all prior representations, offers, agreements, statements and understandings made prior to the date of this AGREEMENT

whether oral or in writing other than those representations, agreements, statements and understandings which have been expressly incorporated in this AGREEMENT.

25 LAW AND ARBITRATION See Section 1.03B. and 1.03C. of the SUPPLY CONTRACT

25.1 The PARTIES expressly agree that the United Nations Convention on Contracts for the International Sale of Goods does not apply to this AGREEMENT or any transactions hereunder.

25.2 Dispute Resolution – See Section 1.03E. of the SUPPLY CONTRACT

26 HEADINGS

The headings and index included hereto are for ease of convenience only, and in no way affect the interpretation of the AGREEMENT.

27 SURVIVAL

Any provision of this AGREEMENT which is expressed or intended to have effect on, or to continue in force after, the termination of this AGREEMENT will have such effect, or, as the case may be, continue in force after such termination.

28 ASSIGNMENT AND SUBCONTRACTING See Section 3.12A. and 3.19 of the SUPPLY CONTRACT

Notwithstanding the above, SELLER may subcontract the supply of materials, equipment, parts and services to its normal subSELLERS and suppliers without the consent of the OWNER.

29 EXCLUSION OF THIRD PARTY RIGHTS

6.1 Nothing in this AGREEMENT will be construed as creating any rights in respect of any third parties under, as a result of, or in connection with this AGREEMENT.

EXHIBIT A – CONTRACT PARTICULARS

Clause	Subject	Particulars
	SUPPLY CONTRACT particulars	Purchaser : City of Vineland Purchaser Ref: Contract No. RES09-623 Seller : RRESI Seller Ref. : M.A442 and M.A916 Engine SN. : ESN 109 Engine SN : ESN 118
1.2	COMMENCEMENT	January 1 st 2016
1.5, 6.8	DELIVERY Terms All DELIVERY Terms as per Incoterms 2010.	Any parts and/or inspection kits CIP (SITE) DELIVERED to OWNER by SELLER LEASE ENGINE – when OWNER CIP (SITE) DELIVERS to SELLER LEASE ENGINE – when SELLER CIP (SITE) DELIVERS to OWNER Replaced parts DELIVERED by CIP (SITE) OWNER to SELLER COVERED EQUIPMENT CIP (North American location DELIVERED by OWNER to to be advised) overhaul base for repair or OVERHAUL COVERED EQUIPMENT CIP (SITE) DELIVERED by SELLER after repair or OVERHAUL Fuel Samples DELIVERED to CIP (Montreal, Canada, and/or OWNER by SELLER Houston, TX, USA – address to be advised at the relevant time)
1.18	SCHEDULED DATE FOR COMMENCEMENT	See Clause 1.2 above
1.23	SITE	Site1 (DOWN11) : 211 North West Ave, Vineland, NJ 08362 Site2 (CLAYVILLE1): 4087 S. Lincoln Ave, Vineland, NJ 08361
3.3	Period for providing SERVICES	Five (5) years from COMMENCEMENT.
6.6.1	Lease Club Membership	OWNER is a member of the LEASE CLUB
6.6.2	Performance Guarantees	Limited solely to those elements of performance expressly stated as guaranteed in Exhibit F
8.3	SELLER Bank Account	Address and details to be advised prior to SELLER'S first invoice
18.3	Limit of SELLER Liability	The amount that is equivalent to the sum of the fees made or to be made to SELLER in that CONTRACT YEAR.

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19.1	NOTICES	<p>NOTICES to the OWNER:</p> <p>For attention of: John Reynolds Address: VMEU Down Generating Station 211 N. West Avenue P.O. Box 1508 Vineland, NJ 08362-1508</p> <p>NOTICES to SELLER:</p> <p>For attention of: Tapan Patel Address: Siemens Energy Inc. 8303 McHard Road Houston, Texas 77053 Telephone: (281) 436-6713 Email: tapan.patel@siemens.com</p>
20.2	Representatives	<p>OWNER Representative: John Reynolds Address: VMEU Down Generating Station 211 N. West Avenue P.O. Box 1508 Vineland, NJ 08362-1508</p> <p>SELLER Representative: Natara Sampson Address: Siemens Energy Inc. 8303 McHard Road Houston, Texas 77053 Telephone: (713) 391-0700 Email: natara.a.sampson@siemens.com</p>

EXHIBIT B – COVERED EQUIPMENT

	By SELLER	By OWNER
Gas Turbine	<input checked="" type="checkbox"/>	<input type="checkbox"/>
AC Generator	<input checked="" type="checkbox"/> (6)	<input type="checkbox"/>
Acoustic Enclosure	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Enclosure Ventilation System	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fire Detection System	<input checked="" type="checkbox"/> (1)	<input type="checkbox"/>
Gas Detection System	<input checked="" type="checkbox"/> (1)	<input type="checkbox"/>
Combustion Air Filtration System	<input checked="" type="checkbox"/> (2)	<input type="checkbox"/>
Electric/Hydraulic Start System	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fuel Gas System – On Skid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Distillate Fuel System – On Skid	<input checked="" type="checkbox"/> (5)	<input type="checkbox"/>
Baseplate/Anchor System	<input checked="" type="checkbox"/>	<input type="checkbox"/>
On Skid Cabling and Pipework	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Coupling – Driver to Alternator	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lubricating Oil System (mineral & synthetic)	<input checked="" type="checkbox"/> (2) (3)	<input type="checkbox"/>
Gas Turbine Control System	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Alternator Control System	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Water Injection System	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Off-Skid Air to Water/Glycol Heat Exchanger	<input checked="" type="checkbox"/> (4)	<input type="checkbox"/>
Exhaust Volute	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Inlet Spray Injection (ISI) System – On Skid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Motor Control Centers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Switch Gear	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Off Skid Water Wash System	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Station/Plant Control Panel	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Off Skid Cabling and Pipework	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Off Skid Fuel Forwarding System	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Heat Recovery Systems (if applicable)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SCR Catalyst System	<input checked="" type="checkbox"/>	<input type="checkbox"/>
All Others	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The equipment supply contract termination points and the following notes shall apply

Notes:

- (1) The OWNER is responsible for replacement of CO2 gas and certifications associated with safety systems.
- (2) The OWNER is responsible for supply of all filter elements, including the combustion air system, for the package.
- (3) The OWNER is responsible for replenishment of lubricating oil and routine laboratory analysis of operating fluids.
- (4) The fixed fees includes for Siemens to inspect these items, but not any replacement of parts or materials.
- (5) System not applicable to CLAYVILLE1; if the system is installed in the future during the term of this Agreement, it will be covered to the same extent as DOWN11 in accordance with this Agreement.
- (6) SELLER to provide routine minor inspections at SELLER discretion

EXHIBIT C – OPERATING ASSUMPTIONS

The AGREEMENT and its fees are applicable to the COVERED EQUIPMENT operating under the following conditions and within the following specification.

Plant Location	Two locations in Vineland, New Jersey, USA
Equipment	Rolls-Royce Trent 60 WLE Generating Set
No of Units	2 units
Application	Power Generation
Fuel	DOWN11: Dual-Fuel: Primary: Natural gas Emergency Secondary: liquid CLAYVILLE1: Natural Gas only
Operation Hours per Year	Up to 3,000 hours per annum
Starts Profile	[to be advised]
Power Profile	Maximum Power or less (i.e. 100% power or less)

a) Gas Fuel and Fuel Supply Specification

The gas fuel and its supply characteristics will be in accordance with Rolls-Royce fuel acceptability criteria for the Trent 60 WLE as defined in Rolls-Royce Document No. LGT1754. By reference Document No. LGT1754 is made part of this AGREEMENT.

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b) Air Quality

Air quality acceptability criteria for entry into the gas turbine enclosure/intake are defined in the following tables.

Table A: Post filtration air contaminant limits for entry into the gas turbine enclosure/intake.

Air contaminants	Units	Rolls-Royce air contaminant limits
Total chloride salts (intake)	wppm in air	0.001 maximum
Total chloride salts (enclosure)		0.01 maximum
Particulate matter	mg/ m ³ microns	0.05 maximum 10 maximum (PM10)

Table B: Rolls-Royce definition of clean dry ambient air quality.

Air constituents/ contaminants	Units	Rolls-Royce acceptable range for clean dry air
Nitrogen (N2)	% Volume	77.5 to 78.5
Oxygen (O2)	% Volume	20.5 to 21.5
Argon (Ar)	% Volume	0.5 to 1.5
Carbon dioxide (CO2)	% Volume	0 to 0.5
Neon (Ne)	% Volume (vppm)	0 to 0.002 (0 to 20)

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Ozone (O3)	% Volume (vppm)	0 to 0.000 8 (0 to 8)
Helium (He)	% Volume (vppm)	0 to 0.000 5 (0 to 5)
Methane (CH4)	% Volume (vppm)	0 to 0.000 2 (0 to 2)
Krypton (Kr)	% Volume (vppm)	0 to 0.000 15 (0 to 1.5)
Hydrogen (H2)	% Volume (vppm)	0 to 0.000 1 (0 to 1)
Nitrous oxide (N2O)	% Volume (vppm)	0 to 0.000 1 (0 to 1)
Carbon monoxide (CO)	% Volume (vppm)	0 to 0.000 1 (0 to 1)
Xenon (Xe)	% Volume (vppm)	0 to 0.000 01 (0 to 0.1)
Nitrogen dioxide (NO2)	% Volume (vppm)	0 to 0.000 01 (0 to 0.1)
Ammonia (NH3)	% Volume (vppm)	0 to 0.000 001 (0 to 0.01)
Sulphur dioxide (SO2) plus Hydrogen sulphide (H2S)	% Volume (vppm)	0 to 0.000 002 (0 to 0.02)
Total sulphur (includes SO2 plus H2S)	wppm	0 to 0.02
Total metals (includes metal content of salts, NaCl, KCl)	wppm	0 to 0.005
Total chlorides (includes chloride content of salts)	wppm	0 to 0.006

c) Lubricating Oils & Fluids

Synthetic Lubricating Oil

The following synthetic lubricating oils have been approved for use with the Industrial Trent gas turbine:

- Aero Shell Turbine Oil 560/ROYCO 560
- Mobil Jet II
- Mobil Jet 254
- Mobil Jet 291
- Exxon Turbo Oil 2197

Tank Capacity:	Lube Oil System	1500 liters
	Control/Starter System	800 liters

Note : the hydraulic starter system shares a common reservoir with the hydraulic oil systems.

Compressor Water Wash Requirements

The Industrial Trent gas turbine requires water, detergent and, for temperate and arctic applications, anti-freeze, to the following specifications:

Recommended anti-freeze:

Anti-Freeze Fluid	Quantities
Methyl Alcohol (MA)	20 % vol.max. (min.-15°C [5°F])
Isopropyl Alcohol (IPA)	35 % vol.max. (min.-15°C [5°F])
Ethylene Glycol (EG)	40 % vol.max. (min.-35°C [-31°F])
Anti-Freeze Specifications MA to (British Standard) BS506 or (US Standard) 0-M232G Grade A IPA to (British Standard) BS1595 or (US Standard) TT-1735a and Grade B EG to (British Standard) BS2713 (US Standard not available)	

Recommended cleaning fluids:

GROUP 'A' (no anti-freeze added)	GROUP 'B' (anti-freeze added)
Ardrox 6343	Castrol ICD 177 pre-mixed ¹
Ardrox 6345	Ardrox 6373 (TurboClean 2 winter grade) ²
Ardrox 6366 (TurboClean)	
Ardrox 6367 (TurboClean)	
RMC G21	
Techniclean GT (ZOK 27)	
Techniclean GT-2 (Castrol ICD 177)	
¹ Ready-to-use solution, can be used down to -32°C (-26°F). No mixing required	
² Ready-to-use solution, can be used down to -20°C (-4°F). No mixing required	

Compressor Water Wash Requirements:

Item	Comment
Expected wash frequency	On Condition, site specific
Solution demand per wash cycle	Cleaning Solution 41 liters (9 Gal) Rinse Solution 1 st cycle 41 liters (9 Gal) Rinse Solution 2 nd cycle 41 liters (9 Gal)

Water Quality Requirements:

Item	Property
Total dissolved solids	<= 10 wppm
Acidity	5 < pH < 7.5
Silica	<= 3 wppm
Specific conductance	<= 11 x 10 ⁻⁶ mhos/cm

EXHIBIT D – SCHEDULED MAINTENANCE

Assuming 3,000 hours utilization and limited use of liquid fuel the schedule of maintenance activities for the Trent gas turbine is as follows:

YEAR	Estimated Hours	INSPECTION	COMMENTS
Year 1-8	(3,000 hrs)	"A Class" Inspection	Annual inspection
Year 9	(25,000 hrs)	"B Class" Inspection	Annual inspection + Trent Mid-Life overhaul
Year 10-16	(3,000 hrs)	"A Class" Inspection	Annual inspection
Year 17	(50,000hrs)	"C Class" Inspection	Annual inspection + Trent overhaul

The schedule is an estimate of when SCHEDULED MAINTENANCE will nominally take place. SCHEDULED MAINTENANCE will be performed when the condition of the gas turbine so indicates, and the timing of events may vary due to the condition of the COVERED EQUIPMENT and variations in the operating assumptions set out in clause 5.

Unless otherwise agreed, SELLER will carry-out one "A Class" Inspection each CONTRACT YEAR. "A1 Class" will be performed on an as needed basis as agreed between the PARTIES. "B Class" and "C Class" Inspections occur nominally each 25,000 and 50,000 operating hours respectfully. "B Class" and "C Class" Inspections will be carried out on a conditional basis and the timing of the events may be varied as a result of equipment condition, quality of fuel and air, hours of operation and load profile.

"A1 Class" Inspection

The "A1 Class" inspection consists of the boroscope inspection of the hot end components. This would typically require one (1) FIELD SERVICE ENGINEERS working a twelve (12) hour shift for one (1) day. Total downtime is twelve (12) hours.

"A Class" Inspection

The "A Class" inspection consists of function checks of the gas turbine package systems, full boroscope of the gas turbine and safety checks of the equipment and control system. This would typically require two (2) FIELD SERVICE ENGINEERS working twelve (12) hour shifts for four (4) days. Total downtime is ninety-six (96) hours.

"B Class" Inspection

The "B Class" inspection is carried out when the gas turbine requires a Mid-Life OVERHAUL. The number of operating hours achieved depends on the condition of the gas turbine but it is nominally around 25,000 hours.

The "B Class" inspection includes an "A Class" inspection plus the removal of the gas turbine for Mid-Life OVERHAUL.

This would typically require up to four (4) FIELD SERVICE ENGINEERS working twelve (12) hour shifts for four (4) days. Total downtime is ninety-six (96) hours (assuming the use of a support unit).

"C Class" Inspection

The "C Class" inspection is carried out when the gas turbine requires an overhaul. The number of operating hours achieved depends on the condition of the gas turbine but it is nominally around 50,000 hours.

The "C Class" inspection includes an "A Class" inspection plus the removal of the gas turbine for an overhaul.

This would typically require up to four (4) FIELD SERVICE ENGINEERS working twelve (12) hour shifts for four (4) days. Total downtime is ninety-six (96) hours (assuming the use of a support unit).

SCR Coverage:

Frequency and scope to be agreed annually

EXHIBIT E – INITIAL SPARES PURCHASE

As per OWNER Purchase Order 186864 dated 08/22/11 and any applicable amendments

As per OWNER Purchase Order 12-000933 dated 09/04/14 and any applicable amendments

EXHIBIT F

[Reserved]

EXHIBIT G – EXTRA WORK

APPLICABLE FIELD SERVICE RATES

New rates will be issued to OWNER at the beginning of each new calendar year.

EXHIBIT H – PRICING

1.0 FEES

For the services described in this AGREEMENT, the following fees apply:

1.1 Initial Spare Purchase No further purchase required

OWNER has purchased and holds locally a strategic insurance and operating spares inventory as recommended by SELLER suitable to support both DOWN11 and CLAYVILLE1 equipment. The purpose of the parts holding is to support maintenance activities promptly and includes the items outlined in Exhibit E.

1.2 ANNUAL MAINTENANCE FEE USD\$512,002

- For up to 3,000 hours operation per annum
- Contract establishment (set-up)
- Project management, planning and co-ordination
- Technical support (specifically remote help desk services)
- Equipment Health Monitoring (EHM) with VisiumDiagnostics & Live Link
- Driven equipment services
- Engine Support:
 - Lease Club (unscheduled events)

1.3 Event Based Fees

The following fees are applicable each time one of the events is performed.

A Class Inspection USD\$110,668 (per unit, per event)

- Scheduled parts kit (Inspection Kit)
- Labor and travel expenses
- A1 Inspections as required

B Class Inspections/Mid-life OverhaulUSD\$3,042,373 (per unit, per event)

- Site inspection covering parts, labor, expenses
- Engine removal, installation and commissioning
- Overhaul management/coordination
- Factory overhaul and refurbishment costs

C Class Inspection/Major OverhaulUSD\$6,305,595 (per unit, per event)

- Site inspection covering parts, labor, expenses
- Engine removal, installation and commissioning
- Overhaul management/coordination
- Factory overhaul and refurbishment costs

Any component and or assembly in need of replacement due to cyclical lifing shall be replaced and charged to the OWNER at catalogue pricing along with any labor costs incurred in the replacement of the components. The cyclical life shall be assumed to have been reached if at the B class interval more than 60% of the calculated life of the item has been reached, thus allowing the unit to complete its running term to the C class interval.

SCR Coverage:

A Class Inspection (Annual Inspection)USD\$16,732 (per unit, per event)

- Includes service engineers time, test equipment and expenses
- Excludes replacement parts or materials. Replacement parts and materials will be considered unscheduled maintenance in terms of compensation.

Test Coupon Invoice Cost + 15% (per event)

SCR and CO Catalyst Replacement Invoice Cost + 15% per event

- Includes SCR and CO catalysts
- Includes service engineers time, test equipment and expenses
- Includes misc. clamps, bolts, washers and needed hardware
- Excludes spent catalyst disposal

SCR Unscheduled Maintenance

- Except valid warranty situations, compensation for goods and services associated with SCR unscheduled maintenance will be additional to the fees expressed above. Compensation for unscheduled maintenance will be in accordance with Rolls-Royce prevailing standard labor rates and list prices for spare parts; and Rolls-Royce invoice cost plus 15% mark-up for third-party services.

1.4 UNSCHEDULED MAINTENANCE

SELLER will respond to all UNSCHEDULED EVENTS throughout the contract term. Except for valid warranty situations, compensation for goods and services associated with UNSCHEDULED MAINTENANCE will be additional to the Fees expressed in this Exhibit and based on SELLER'S prevailing labor rates and list prices for spare parts; and SELLER'S invoiced cost plus 15% for third-party services.

Unscheduled Lease Engine Usage \$USD 34,301 (per unit, per week)

- The weekly fee will be prorated for partial weeks
- The fee is applicable based on DELIVERY

1.5 PRICING TERMS

1. The prices/fees expressed in this Exhibit H are in US Dollars
2. The ANNUAL MAINTENANCE FEE is payable pursuant to sub-clause 8.3 of the AGREEMENT.
3. Event Based Fees pursuant to sections 1.3 and 1.4 are payable upon completion within 30 days of receipt of SELLER'S invoice.
4. The OWNER will be invoiced for the Initial Spares Purchase based on the value of items shipped.

EXHIBIT I – LEASE CLUB

This Exhibit I sets out the terms and conditions supplementary to those set out in the AGREEMENT, which together governs the lease of gas generators to OWNER.

INDEX

Clause 1	Definitions
Clause 2	Membership and Term
Clause 3	Undertaking to LEASE a LEASE ENGINE
Clause 4	Delivery
Clause 5	Re-DELIVERY of LEASE ENGINE to the OWNER
Clause 6	Delay
Clause 7	Title and Risk of Loss or Damage
Clause 8	Insurance
Clause 9	Covenants of the OWNER
Clause 10	Charges
Clause 11	Payment
Clause 12	Warranty
Clause 13	Additional Levies

CLAUSE 1 - DEFINITIONS

Reference Clause 1 of the AGREEMENT

CLAUSE 2 - MEMBERSHIP AND TERM

- 2.1 Subject to payment of the ANNUAL MAINTENANCE FEE set out in clause 1.2 of Exhibit H, the OWNER shall be entitled to the benefits (subject to the obligations) of membership of the Lease Club set out herein.
- 2.2 The membership shall remain in force for the period of the AGREEMENT pursuant to clause 3 hereof subject to the termination provisions in clause 16 hereof.

CLAUSE 3 - UNDERTAKING TO LEASE A LEASE ENGINE

- 3.1 If OWNER has an UNSCHEDULED EVENT and requires a LEASE due to the non-availability of equipment similar to the LEASE ENGINE, it will notify SELLER of its requirement which will include the delivery address of OWNER's freight forwarding agent (such address to be OWNER's SITE, or as otherwise agreed between the PARTIES). The notification may be by telephone in which case it must be subsequently confirmed by telex, e-mail, letter or facsimile, within 6 hours after the telephone notification.
- 3.2 Upon receipt of such notification SELLER shall respond to the OWNER in writing, facsimile or by e-mail confirming receipt of the SELLER'S request, advising the OWNER of the anticipated delivery. DELIVERY of the LEASE ENGINE to the OWNER will be made within 72 hours of notification by the OWNER of the requirement of the SELLER.

CLAUSE 4 - DELIVERY

The LEASE ENGINE shall be DELIVERED by the SELLER to the OWNER suitably packed for transport (in accordance with Incoterms 2010) as specified in Exhibit A.

CLAUSE 5 - RE-DELIVERY OF LEASE ENGINE TO THE LESSOR

- 5.1 The OWNER shall return-DELIVER the LEASE ENGINE suitably packed for transportation with the same packing case and engine stand to the destination specified by the SELLER in Exhibit A or what is otherwise agreed in the OWNER'S confirmation under clause 3.2 above at the time specified in clause 5.2 below.
- 5.2 Unless otherwise agreed in writing by the SELLER, the OWNER shall return-DELIVER the LEASE ENGINE upon which the LEASE shall terminate,
 - 5.2.1 within seven (7) days of the COVERED EQUIPMENT being in a SERVICEABLE CONDITION;
 - 5.2.2 within seven (7) days of any other alleviation of the OWNER'S emergency situation; or

5.2.3 the date of expiry of the LEASE as specified in the OWNER'S confirmation under clause 3.2 above ;

whichever shall occur first.

5.3 Unless otherwise agreed, the OWNER will return the LEASE ENGINE to the SELLER within two (2) days of removal from installation.

5.4 The fees under Exhibit H, Sub-Clauses 1.1 and 1.3 include freight/transportation and insurance charges from SELLER'S freight forwarder, to SELLER'S warehouse.

CLAUSE 6 - DELAY

6.1 SELLER shall be under no liability to the OWNER for any delay in complying with its obligations hereunder arising from any cause provided for in clause 17 of the AGREEMENT, or any cause beyond the reasonable control of the SELLER.

6.2 Where delay in DELIVERY of LEASE ENGINE in accordance with clause 4 above and Exhibit A arises other than under clause 6.1 above, then the SELLER shall pay as liquidated damages to the OWNER, out of the ANNUAL MAINTENANCE FEE pursuant to sub-clause 1.1 of Exhibit H \$500, for each full hour of such delay up to a maximum, in any one CONTRACT YEAR, of 25% of the ANNUAL MAINTENANCE FEE. These liquidated damages shall be in full and final settlement of the liability of the SELLER to the OWNER for any such delay.

CLAUSE 7 - TITLE AND RISK OF LOSS OR DAMAGE

7.1 Title to the LEASE ENGINE shall at all times remain in the SELLER. The OWNER shall be responsible for all risk of loss of or damage to the LEASE ENGINE from DELIVERY by the SELLER until return-DELIVERY by the OWNER.

7.2 The OWNER shall take all necessary steps to protect the SELLER'S title in the LEASE ENGINE.

CLAUSE 8 - INSURANCE

8.1 The OWNER shall maintain in force a policy or policies of insurance to cover all risk of loss of or damage to the LEASE ENGINE in a form acceptable to the SELLER and in an amount to cover its obligations under this AGREEMENT. The OWNER shall upon request by the SELLER produce evidence of payment of current premiums in respect of such policy or policies of insurance.

8.2 Such policy or policies of insurance shall include the SELLER as a named insured but the SELLER shall not be liable for any premiums thereunder.

CLAUSE 9 - COVENANTS OF THE OWNER

The OWNER shall:

9.1 ensure that packing, installation and removal of the LEASE ENGINE is carried out by suitably qualified employees of SELLER or under the direct supervision thereof. The

charges for the provision of the SELLER field personnel including travel, accommodation and expenses will be included under the fees specified in Exhibit H;

- 9.1 operate the LEASE ENGINE the subject of the LEASE only in the course of the OWNER'S regular business and in accordance with the operating procedures from time to time specified by the SELLER;
- 9.2 at its own expense, maintain the LEASE ENGINE in accordance with maintenance practice recommendations issued from time to time by the SELLER;
- 9.3 accept liability for all loss and expense arising out of the operation, use, possession or control of the LEASE ENGINE which arises due to causes outside the reasonable control of the SELLER including but not limited to failures of LEASE ENGINE which:
 - 9.3.1 have not been operated in accordance with the procedures laid down by the manufacturers;
 - 9.3.2 have been subject to MISUSE or accident;
 - 9.3.3 have not been properly stored, installed, maintained, utilised or packed for transport in accordance with the SELLER or manufacturer's recommendations;
 - 9.3.4 have suffered damage due to the ingestion of a foreign body; or
 - 9.3.5 have suffered primary breakdown or deterioration of any constituent component which was not acquired by the OWNER from the manufacturer or the SELLER or through channels specifically approved in writing by the SELLER;and if the LEASE ENGINE in the opinion of the SELLER require repair or overhaul for any of the above causes, then repair or overhaul shall be performed at the expense of the OWNER.
- 9.5 not permit any changes, modifications, alterations or additions to be made in or to any of the LEASE ENGINE unless it has first secured the prior written consent of the SELLER;
- 9.6 not have carried out repair, maintenance or overhaul work on the LEASE ENGINE by any person other than those expressly approved by the SELLER or the manufacturer;
- 9.7 maintain and make available to the SELLER upon request reasonable records of engine and parts history relating to the LEASE ENGINE sufficient to enable the SELLER to determine the operating history of the LEASE ENGINE including;
 - 9.7.1 the date of fitting of any parts to the LEASE ENGINE,
 - 9.7.2 the hours run by such parts,
 - 9.7.3 the hours run by the LEASE ENGINE at different ratings and the number of starts,
 - 9.7.4 the reason for the removal of any parts.
- 9.8 upon request inform the SELLER of the operating procedures of the LEASE ENGINE installed;
- 9.9 allow the SELLER reasonable rights of inspection of the LEASE ENGINE;

- 9.10 not later than the date for re-DELIVERY specified in clause 5 above, return the LEASE ENGINE to the SELLER in the same condition as when supplied by the SELLER to the OWNER fair wear and tear resulting from normal operation only excepted;
- 9.11 provide the SELLER with a complete list of defects recorded during ROUTINE MAINTENANCE of the LEASE ENGINE together with full particulars of the corrective action taken;
- 9.12 provide the SELLER with a complete list of all technical log entries against the LEASE ENGINE together with full particulars of the corrective maintenance action taken;
- 9.13 indemnify the SELLER against all actions, costs, claims and demands which may be brought against the SELLER in connection with or resulting from the operation, possession, management, maintenance or control of the LEASE ENGINE by or on behalf of the OWNER which actions, costs, claims, and demands are based upon the retention of interest in or title to the LEASE ENGINE by the SELLER provided always that such indemnity shall be of no effect where such actions, costs, claims, and demands arise solely by reason of the negligence of the SELLER, and
- 9.14 ensure that the LEASE ENGINE does not become the subject of any lien, charge, mortgage, encumbrance, defect or other impediment of the same or any other kind and indemnify the SELLER against all costs, actions, claims and demands which the SELLER may incur or suffer by reason of the OWNER failing to carry out its obligations under this Sub-Clause;
- 9.15 notify the SELLER weekly, during the LEASE, of the number of fired hours run by the LEASE ENGINE, and
- 9.16 allow the SELLER to utilise free of charge, on the LEASE ENGINE, any hardware from its engine, including but not limited to; engine mounted kits such as fuel nozzles, manifolds, piping, starters, thermal devices, and pressure sensing devices.

CLAUSE 10 - CHARGES

- 10.1 The OWNER shall pay the ANNUAL MAINTENANCE FEE in sub-clause 1.1 of Exhibit H.(subject to escalation.)
- 10.2 The OWNER shall pay the SELLER the Lease Club Usage Fee in sub-clause 1.3 of Exhibit H, per full week for every week or part thereof that the OWNER has possession of the LEASE ENGINE upon DELIVERY pursuant to a Lease (subject to escalation).
- 10.3 If the OWNER fails to comply with clauses 5.2 & 5.3 above then the OWNER shall pay the CONTRACOR the Lease Club Weekly Usage Fee in sub-clause 1.3 of Exhibit H, for each week or part thereof that the LEASE ENGINE is not return-DELIVERED.
- 10.4 The charges under Exhibit I, sub-clauses 10.1 and 10.2 above shall be adjusted annually in accordance with the escalation provisions of the AGREEMENT.

CLAUSE 11 - PAYMENT

Reference Clause 8 of the AGREEMENT.

CLAUSE 12 - WARRANTY

12.1 The SELLER undertakes that, subject to the obligations of the OWNER contained in this AGREEMENT, the LEASE ENGINE which it leases to the OWNER will be supplied in a SERVICEABLE CONDITION (subject to clause 9.16). Alterations may be necessary in order to adapt the LEASE ENGINE to the OWNER'S particular installation. Such alterations shall be at the OWNER'S cost. If the LEASE ENGINE is not supplied in a SERVICEABLE CONDITION, or, if due solely to a cause within the reasonable control of the SELLER the LEASE ENGINE become unserviceable during the term of the LEASE then:

12.1.1 the SELLER will at its expense, and in its sole discretion, either repair or replace such unserviceable LEASE ENGINE, or

12.1.2 if a serviceable LEASE ENGINE is not available as a replacement and the unserviceable LEASE ENGINE cannot be promptly repaired the OWNER shall have the right to terminate the LEASE and the AGREEMENT subject to the terms set out in clause 16 of the AGREEMENT.

The OWNER shall not be required to pay any lease charges pursuant to Clause 10 above for any period in which LEASE ENGINE is unserviceable in breach of the warranty contained in this Sub-Clause 12.1 and, if the OWNER terminates the AGREEMENT pursuant to Sub-Clause 12.1.2 above, then Clause 5 above shall not apply and the SELLER shall reimburse the OWNER its reasonable transportation costs incurred in re-DELIVERING the LEASE ENGINE to the SELLER in accordance with the SELLER'S instructions.

12.2 The OWNER accepts that the express benefits provided to the OWNER pursuant to this AGREEMENT together with the express remedies provided to the OWNER in respect of the LEASE ENGINE in accordance with this AGREEMENT represent the entire responsibility of the SELLER to the OWNER in respect of all terms, conditions and warranties express or implied whether statutory or otherwise and any other obligations and liabilities whatsoever of the SELLER relating to the LEASE ENGINE.

12.3 This warranty does not extend or otherwise affect any separate guarantee or warranty for equipment manufactured or supplied by SELLER or Rolls-Royce. Neither does this warranty extend any SELLER/ Rolls-Royce workmanship guarantee or warranty which SELLER/Rolls-Royce may have given to the OWNER.

CLAUSE 13 - ADDITIONAL LEVIES

13.1 Subject to Sub-Clause 13.2 below the SELLER shall pay all imposts, duties, fees, taxes and other like charges levied by the United Kingdom, United States, or Canadian provincial authorities or any agency thereof in connection with the LEASE ENGINE prior to their DELIVERY.

13.2 All amounts stated to be payable by the OWNER pursuant to this AGREEMENT exclude any value added tax, sales tax, taxes on turnover, goods and services tax or any provincial sales tax. In the event that the supply of a LEASE ENGINE hereunder is chargeable to any value added tax, sales tax, goods and services tax or tax on turnover, such tax will be borne by the OWNER subject to any authorized tax exemption certificates.

13.3 The OWNER shall pay all other imposts, duties, fees, taxes and other like charges pursuant to the LEASE ENGINE by whomsoever levied.

EXHIBIT J – TAX CERTIFICATES

This Exhibit J sets out the authorized tax exemption certificates applicable on the effective date.



STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
PO BOX 269
TRENTON, NJ 08695-0269

CHRIS CHRISTIE
Governor

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

KIM GUADAGNO
Lt. Governor

March 15, 2010

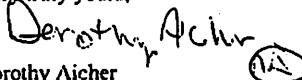
City of Vineland
640 East Wood St
PO Box 1508
Vineland, NJ 08362-1508

Dear Purchasing Officers and Vendors:

The City of Vineland is a political subdivision of the State of New Jersey and is exempt from sales and use taxes, pursuant to Section 9 (a)(1) of the New Jersey Sales and Use Tax Act (N.J.S.A. 54:32B-1 et seq.). An exempt organization certificate (ST-5) or number is not required for the City of Vineland to make tax exempt purchases. Your official letterhead or official purchase order signed by a qualified officer is sufficient proof for your vendor that you are exempt from paying the sales tax. Payment must be made by check, voucher or electronic payment from a government fund. Be advised that this exemption does not apply to the inclusion of sales tax in charges for natural gas, or electricity and their related transportation and transmission services.

Federal agencies, New Jersey state agencies and municipal agencies making purchases in the amount of one hundred fifty dollars (\$150) or less from imprest funds may use the Exempt Use Certificate (Form ST-4) to be relieved of making such purchases by government check or voucher. The Exempt Use Certificate must be signed by a qualified officer of the agency. In the block marked "Purchaser's Certificate of Authority Number" on the Exempt Use Certificate, the words "Governmental Entity" should be inserted. In the block provided for the exempting citation, the indicia "9(a)" should be written. The name and position of the person dealing with the vendor must be given at the bottom of the certificate. We are enclosing a copy of the Exempt Use Certificate for your convenience.

Very truly yours,


Dorothy Aicher
Tax Services Specialist
Regulatory Services Branch

DA:nd
Enclosure

<http://www.state.nj.us/treasury/taxation/>
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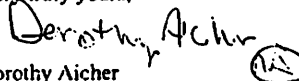
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Very truly yours,


Dorothy Aicher
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DA:nd
Enclosure

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