

MASSACHUSETTS TECHNOLOGY COLLABORATIVE

**75 North Drive
Westborough, Massachusetts**

**Notice of Intent to Hold an Auction
for the Sale of:**

**7,888 Vintage 2006
Massachusetts “New” Renewable Certificates**

**2,776 Vintage 2006
Connecticut Class I Renewable Certificates**

and

**5,000 each Vintage 2007-2009
Massachusetts “New” Renewable Certificates**

**Auction information release date: Friday, April 13, 2007
Auction date: Wednesday, May 2, 2007
Bids due: 2:00 pm ET on day of auction**

Section 1: Description of Sale

- 1.1** The Massachusetts Technology Collaborative, an independent public instrumentality of the Commonwealth of Massachusetts (“MTC”), is pleased to announce its intention to offer for sale three separate allotments of renewable energy certificates (or “Certificates”). These three lots include: A) a quantity of 7,888 Massachusetts “New” Renewable Energy Certificates from generation that occurred in the third and fourth quarters of 2006; B) a quantity of 2,776 Connecticut Class I Renewable Certificates from generation that occurred in the third and fourth quarters of 2006; and a strip of 5,000 Massachusetts “New” Renewable Energy Certificates for each of years 2007, 2008, and 2009, to be produced during any quarter, to be sold on a unit-contingent forward basis.
- 1.2** The 7,888 MA 2006 Certificates are from the Chicopee landfill gas-to-energy facilities 1, 2 and 3, which have been approved by the Massachusetts Department of Energy Resources as an eligible source under the Massachusetts Renewable Portfolio Standard. The facilities’ Massachusetts Renewable Portfolio Standard (“RPS”) Identification Numbers are LG-1008-02, LG-1009-02, and LG-1010-02, respectively. These RECs will be sold in two lots: one of 4,000 RECs, and one of 3,888 RECs.
- 1.3** The 2,776 Connecticut Class I 2006 Renewable Certificates are from the Swift River Pepperell Hydroelectric facility, located in Pepperell, MA, which has been approved by the Connecticut Public Utility Commission as a Class I Renewable Certificate producer. The unit has a CT Class I identification number of CT00137-04. These RECs will be sold in one lot of 2,776.
- 1.4** The 5,000 MA 2007-2009 Certificates will be generated by the Chicopee landfill gas-to-energy facilities 1, 2 and 3, which have been approved by the Massachusetts Department of Energy Resources as an eligible source under the Massachusetts Renewable Portfolio Standard. The facilities’ Massachusetts Renewable Portfolio Standard (“RPS”) Identification Numbers are LG-1008-02, LG-1009-02, and LG-1010-02, respectively. These RECs will be sold in one lot of 5,000 per year, for 15,000 RECs in total. The certificates will be contracted for sale on a **first-delivery unit contingent basis**. Thus, as Certificates are delivered to MTC pursuant to the Contract as they are generated during the year, MTC will then deliver them to satisfy the purchases of successful buyers in this auction before any Certificates are retained by MTC for spot market sale or other use. Any shortfalls in expected delivery amounts will be handled as specifically described in the MTC Renewable Energy Certificate Forward Sale Agreement, which procedures are informally discussed below in sections 2.3 and 3.2.
- 1.5** All of these Certificates will be sold in an auction conducted by the brokerage firm Evolution Markets.

Section 2: Auction Participant Instructions, Information and Conditions

2.1 Auction Bidding Periods

The auction will be conducted by the brokerage firm Evolution Markets LLC (“Evolution”). Bidders interested in participating are required to submit bids for each individual lot on offer to Evolution via telephone, on a recorded line, prior to 2:00 pm on the auction date. Bids are binding until 5:00 p.m. ET on the bid due date. In the event a bid or bids is/are accepted by the MTC, Evolution will inform the successful bidder(s), issue transaction confirmation(s), and then announce the auction results to the market.

The auction will have two periods, an “open” period and a “closed” period.

Open bidding period: up to 1:45 pm ET on the day of the auction. During this period, bid information (prices and quantities only, not names) will be communicated to all bidders by Evolution. Bidders will have the ability to adjust their pricing, and any changes will be communicated to all other bidders.

Closed bidding period: 1:45 pm - 2:00 pm ET. During the closed period, bidders will be informed of the highest bid(s) as of 1:45 pm (prices only, not names), and will have the ability to adjust their bids. However, any additional changes in bids will not be communicated to other bidders.

It is the sole responsibility of the Bidder to ensure the timely receipt by Evolution of its bid. Any bid received after the specified date and time may be rejected. MTC reserves the right to reject all bids in the sole exercise of its discretion.

2.2 Additional information:

- 1) Bids should be provided in increments of dollars per certificate (i.e. \$/MWh)
- 2) When submitting bids, bidders will be asked to affirm that they are authorized to submit a binding bid on behalf of their organization, and that they accept without exception or limitation the terms outlined in this document and in the applicable **MTC Renewable Energy Certificate Sales Agreement** or **MTC Renewable Energy Certificate Forward Sales Agreement** (see Attachments 1 and 2). MTC reserves the right to modify the terms and conditions of the Renewable Energy Certificate Sales Agreement or Forward Sales Agreement in the sole exercise of its discretion at any time prior to execution.
- 3) Conversations with Evolution will take place on recorded telephone lines.
- 4) Delivery of the 2006 Certificates will take place during the fourth quarter transfer period, which runs from the time of contracting until June 15, 2007. Delivery of the Certificates sold on a forward basis over 2007-2009 will be delivered quarterly, per the terms of the REC Forward Sale Agreement.
- 5) Purchase of partial lot sizes is not permitted.
- 6) Bids for each lot will be ranked based upon the highest price per Certificate (i.e. \$/MWh).

- 7) In the event of tied bids, the tied bidders will be contacted and given one opportunity to increase their bid. If neither bidder does, MTC may decide to split the quantity evenly between the two bidders, or not to accept either bid.
- 8) Issuance of the confirmation notice by Evolution to MTC and a selected bidder does not constitute a contract or otherwise create any obligation for MTC to transfer Certificates or for the selected bidder to transfer funds. Rather, any such delivery or payment obligations may only be created by final execution of the **Renewable Energy Certificate Sales Agreement or Renewable Energy Certificate Forward Sales Agreement**. If the parties do not execute the **Renewable Energy Certificate Sales Agreement**, MTC may sell the Certificates to another bidder or make the Certificates available for sale in a subsequent auction.

2.3 Lots offered:

Lot #	Source	Vintage/Gen. Dates	Quantity
1	Ameresco Chicopee LFG	3 rd or 4 th QTR 2006	4,000
2	Ameresco Chicopee LFG	3 rd or 4 th QTR 2006	3,888
3	Pepperell Hydro Project	3 rd or 4 th QTR 2006	2,776
4	Ameresco Chicopee LFG Three-Year Forward Sale	Any QTR, 2007- 2009	5,000 per Year, 15,000 Total

In regards to the forward sale in Lot 4, delivery by Ameresco to MTC under its Contract will be distributed to the successful buyer in each 2007 trading period on a proportional basis, up to 1,250 RECs per quarter. Any shortfall in delivery below the 5,000 to be sold through this auction by the fourth quarter will not be the responsibility of MTC to replace. Thus, if only 1,000 RECs are created in a quarter to which MTC is entitled, the buyer of Lot 4 would receive only those 1,000 RECs. Any RECs not delivered in one quarter would be deliverable in a subsequent quarter within a trading/vintage year. However, shortfalls will not carry over between years. Please see the language in the MTC REC Forward Sale Agreement, Attachment 2, for details of this mechanism.

2.4 Credit Terms in Contract

As described in the MTC Renewable Energy Certificate Forward Sales Agreement, the MTC requires payment in full before it transfers Certificates to the buyer. **If a successful buyer (the contracting entity) carries a rating** by at least one nationally recognized statistical ratings organization (such as Standard & Poor's or Moody's Investors Service) **of BBB/Baa2 equivalent or better**, or can provide a credit guarantee from such an organization as detailed in the Renewable Energy Certificate Forward Sales Agreement, **payment will be due within 5 Business Days of invoicing by MTC** shortly after the start of each 2007 trading period based on the exact number of RECs to be delivered.

If the successful buyer does not maintain such a rating, payment in full for the entire expected amount of Certificate sales is due within 30 days of contract execution to MTC. Refunds will be made by MTC at the end of the compliance trading year for any shortfall in delivery. For the three year forward sale agreement, payment in whole for years two and three will be discounted to their present value from the beginning of the applicable trading year (July 15, 2008, and July 15, 2009, respectively, for 2008 and 2009 compliance years) to the date of contracting, using

the U.S. zero-coupon Treasury bill rates cited on the Federal Reserve Bank’s closest release of its Bulletin H15, using the one-year rate for 2008 payments due, and the two-year rate for 2009 payments due. This discounting will be calculated by MTC and invoiced as such to the successful contractee for the Certificates in question. Please see the MTC REC Forward Sale Agreement, Attachment 2, for details of this mechanism.

3. The MTC – Ameresco REC Loan Obligation and Related Forward Contracts

3.1 Description of Contract Terms

The 2007-2009 Certificates being sold on a forward basis in this auction, in Lot 4, are expected to be delivered to MTC pursuant to the terms of the MTC – Ameresco Prepaid REC Agreement, or “the Contract.” The contract obligates Ameresco Corp., an energy facility developer and manager, to deliver to MTC RECs from its Chicopee Gas-to-Energy Project as a result of an advance payment from MTC. MTC has regularly received RECs from Ameresco in accordance with this pre-purchase since the Chicopee facility began producing energy in 2004. The Ameresco facility experienced gas supply issues in its first two years of operations, but those issues were addressed at the site, and the project now produces approximately its anticipated 40,000 MWh per year, all of which qualify as “New” Renewable Certificates. MTC is only entitled to a portion, approximately 70%, of that total production. The last four quarters of Certificate receipts from Ameresco were as follows:

Periods	RECs Delivered
Q1 2006	5,826
Q2 2006	5,290
Q3 2006	6,390
Q4 2006	7,364

Of these amounts delivered to MTC, MTC has both sold Certificates to other entities through regularly held auctions, such as this one, as well as through option contracts with voluntary renewable energy product suppliers. One entity, through an existing contract, may purchase up to 25% of the RECs MTC receives from Ameresco Chicopee in each quarter, a contract which runs through the Third Quarter of 2007. The second entity, through an existing contract, may also purchase up to 25% of the RECs MTC receives from Ameresco Chicopee in each quarter, a contract which runs through the Fourth Quarter of 2008.

Going forward in 2007-2009, MTC anticipates receiving a target amount of between 24,000 and 28,000 RECs from the Chicopee facility, based on recent production. It anticipates the voluntary buyers to purchase an average of 3,000 RECs in total per quarter in 2007. This would represent about 12,000 RECs over 2007. In 2008, the number of RECs MTC is obligated to sell to either party would be reduced to approximately 6,000-7,000 RECs in total, to the second purchaser. At present, no expected receivable RECs in 2009 are obligated to any other party. As stated in the MTC REC Forward Sale Agreement, any subsequent sales of Chicopee RECs would be subordinate to the claims to be sold through this auction in Lot 4.

3.2 Risk Factors

Ameresco Chicopee may not produce the target amount of Certificates for several reasons, including but not limited to the following:

- Fuel supply issues may hamper its ability to generate power
- Chicopee may experience operating issues, such as mechanical or emissions control failures
- Chicopee could potentially, but not likely, be required not to run by ISO-NE for power supply balance reasons

Section 4: Questions, Conditions and MTC's Retained Rights

4.1 Questions regarding the auction:

Questions regarding the auction procedure should be directed to:

Andrew Kolchins
Director, Environmental Markets
Evolution Markets
914.323.0255
akolchins@evomarkets.com

Questions regarding decisions and policies of the MTC should be directed to:

Ian Springsteel
Manager, Industry Investment & Development
Massachusetts Technology Collaborative
508.870.0312 x1255
springsteel@masstech.org

4.2 Public Disclosure Policy of Questions and Answers

Any questions regarding the Contract, the MTC REC Sales Agreement, the MTC REC Forward Sales Agreement, or other material matters should be submitted in writing to Ian Springsteel at the email address above by 5 p.m. on April 23, 2007. Written responses to all questions received will be posted on the MTC website and available in writing or electronic document format from Evolution Markets by noon on April 30, 2007.

4.3 Bidders who wish to participate in this auction are advised of the following:

- 1) Bidders are advised that the MTC is a public agency whose records, including material submitted in response to requests for proposals, are public records and subject to public disclosure pursuant to Massachusetts General Laws Chapter 66, Section 10, unless otherwise specifically exempt from disclosure under Massachusetts law.
- 2) Because the MTC is a public agency, the auction process and any successful bidder(s) are subject to audit pursuant to the terms and conditions of the **Renewable Energy Certificate**

Sales Agreement and/or Forward Sales Agreement, and/or by the Auditor of the Commonwealth.

- 3) The sale of the Certificates falls under the governing law of the state of Massachusetts. As described in the MTC **Renewable Energy Certificate Sales Agreement**, the MA qualified Certificates can only be used for compliance or otherwise retired within the state of Massachusetts. The MA qualified Certificates may not be used for compliance with another state's RPS, nor may they be resold to an end-use customer outside of Massachusetts. The CT Certificates will not be restricted in this manner.

As described in the MTC **Renewable Energy Certificate Sales Agreement**, the MTC requires payment in full before it transfers existing Certificates to the buyer. **Please note that payment is due within 5 Business Days of executed contract receipt.**

4.4 MTC's Rights in holding the auction

The MTC reserves, holds and may exercise the following exclusive rights: To seek additional information from any and all Bidders; to waive technicalities, immaterial irregularities or minor informalities at any time and for any reason; to abandon the auction process at the MTC's convenience at any time and for any reason; to reject any and all bids, to request clarification or modifications; to select finalists; to accept the bid or enter into any agreement that in its judgement best serves the interests of the MTC; to supplement, amend or otherwise modify the Notice of Intent to hold an Auction through the issuance of addenda to all prospective Bidders; and to conduct investigations of any and all Bidders and their submissions as the MTC deems necessary or convenient.