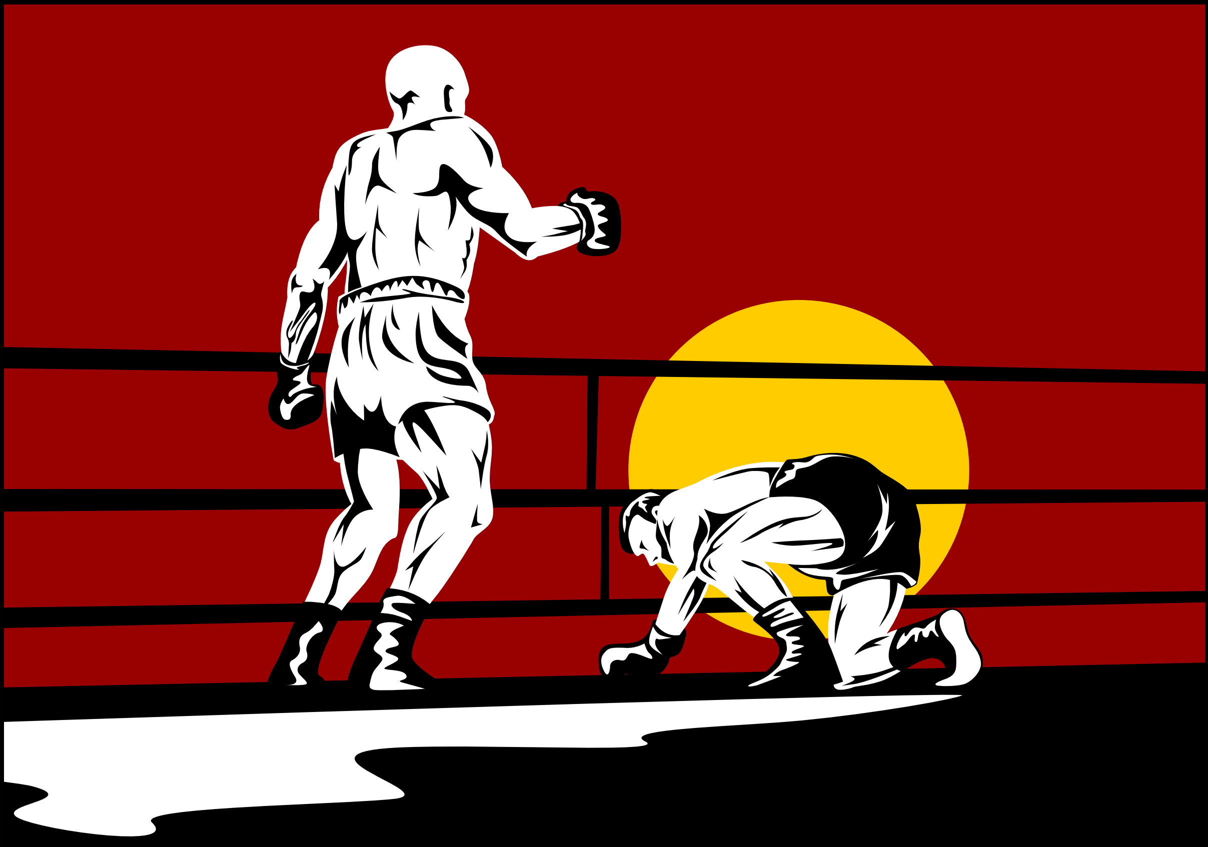
Equity Research **Industry Report**

January 2009

Alternative & Renewable Energy

Down…But Not Out

- 10 Reasons We Remain Long-Term Bulls
- Financing Renewables in a Post-Credit Crunch World
- Playing the Consolidation Theme
- Kick-Start 2009 with Free Development Pipelines
- A Solar Shakeout Is Inevitable



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Utilities –
Alternative & Renewable Energy

For Reg AC Certification and important disclosures see Appendix A of this report.

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Note: All share prices as at December 31, 2008.

Down…

It is no secret that alternative and renewable energy stocks have been massacred over the past several months, due primarily to a decline in the global energy complex, as well as higher cost and more stringent requirements for debt financing. Global alternative energy equities have fallen almost 70% year-to-date, compared with a 35% decline for the S&P/TSX Composite Index and a 42% loss for the MSCI World Index (Exhibit 1).

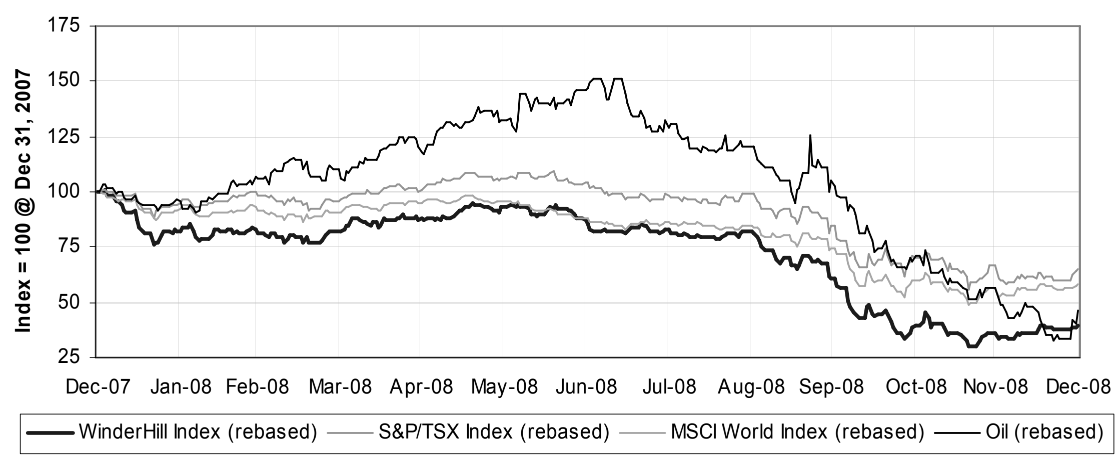
Consolidation has now become an inevitable theme.

Many financial institutions are now reluctant to debt finance capital-intensive power projects that typically seek debt/equity capital structures in the 80%/20% area. For those renewable power projects that are able to attain financing, debt covenants have become materially more stringent than in the recent past. Compounding the problem faced by many alternative energy companies with large expansion plans is the higher cost of debt financing. To make matters worse, lower oil prices and a likely global economic recession have pushed back the sense of urgency to switch from conventional fossil fuel-fired power generation to renewable power generation.

Marginal renewable power projects are being cancelled, equity issuances are virtually unachievable, venture capital financing is drying up, and some companies are now facing bankruptcy. While total investment into the space during 1H/08 was greater than in 1H/07, it is now clear that the free fall of funds flow into alternative energy worldwide will result in a year-over-year total investment decline below last year's record of US$148.4 billion.

While renewable power companies are licking their wounds, private equity players and large utilities are licking their chops. Consolidation has now become an inevitable theme.

Exhibit 1: Renewable Power Equities Are Down…But Not Out



Source: Bloomberg; Scotia Capital.

…But Not Out

Boralex and Canadian Hydro Developers are trading at significant discounts to their respective operating asset values.

Our long-term overweight recommendation remains intact, as we believe that the alternative and renewable energy theme will survive both lower energy prices and the credit crunch. In the 1970s, the global energy crisis spurred massive interest and investment in alternative energy, which then collapsed in the early 1980s as oil prices fell. Key differences between then and now are: (1) fossil fuel prices still remain relatively expensive by historical standards; (2) governments have now mandated the use of renewable power through renewable portfolio standards; (3) there is a real concern about combating the potential effects of climate change; (4) cap-and-trade and/or carbon tax programs continue to be implemented around the world; and (5) the societal need for energy security and independence remains unchanged, although the economic need has eased somewhat over the past six months.

Selectivity is key. We continue to recommend that within the Canadian renewable power space, investment focus is placed on: (1) companies with operating assets; (2) positive cash flow from operations generation; (3) well-funded growth plans; and (4) geographical diversification.

We see two compelling renewable power opportunities for long-term investors that can stomach continued volatility over the short term. In our view, Boralex Inc. and Canadian Hydro Developers Inc., both rated 1-Sector Outperform, are trading at significant discounts to their operating assets only, implying free options on their respective development pipelines. Exhibit 2 summarizes the valuation metrics within our coverage universe.

Exhibit 2: Summary Table of Targets, Ratings, and Relative Valuation Metrics

Company	Ticker	Intraday Price	SC Rating	1-Year Target	1-Year ROR	DCF	NAV	Market Cap	Enterprise Value to EBITDA 2009E	2010E	2011E
		12/31/2008						($M)	(x)	(x)	(x)
Boralex	BLX	$7.55	1-SO	$14.50	92%	$14.67	$15.01	$285	5.1x	4.5x	4.0x
Canadian Hydro Developers	KHD	$2.98	1-SO	$6.50	118%	$6.43	$7.08	$459	10.3x	8.6x	7.5x
Earthfirst Canada	EF	$0.02	3-SU	$0.00	-100%	$1.00	$0.48	$2	n.m.	n.m.	n.m.
Innergex Renewable Energy	INE	$4.00	2-SP	$6.50	63%	$6.76	$6.35	$94	13.9x	5.9x	4.3x
Plutonic Power	PCC	$2.45	2-SP	$4.00	63%	$3.90	$4.03	$108	n.m.	n.m.	7.8x
Pristine Power	PPX	$2.00	2-SP	$3.25	63%	$3.30	$3.27	$60	n.m.	n.m.	6.4x
Average					**50%**			**$168**	**9.7x**	**6.3x**	**6.0x**

Company	Ticker	Beta	Price to Earnings 2009E	2010E	2011E	Price to Sales 2009E	2010E	2011E	Price to Cash Flow 2009E	2010E	2011E
			(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
Boralex	BLX	0.8	10.1x	9.3x	8.4x	1.3x	1.2x	1.1x	4.4x	3.9x	$3.55
Canadian Hydro Developers	KHD	0.8	15.6x	13.8x	10.3x	2.9x	2.5x	2.2x	6.2x	5.0x	4.2x
Earthfirst Canada	EF	-	n.m.	n.m.	n.m.	0.3x	0.0x	0.0x	n.m.	0.3x	0.1x
Innergex Renewable Energy	INE	-	n.m.	12.6x	9.6x	4.0x	2.0x	1.5x	16.4x	5.0x	3.9x
Plutonic Power	PCC	0.9	n.m.	n.m.	n.m.	n.m.	n.m.	3.6x	n.m.	n.m.	28.0x
Pristine Power	PPX	-	n.m.	n.m.	n.m.	6.2x	3.2x	1.1x	n.m.	n.m.	6.5x
Average		**0.9**	**12.8x**	**11.9x**	**9.4x**	**2.9x**	**1.8x**	**1.6x**	**9.0x**	**3.5x**	**7.7x**

Source: Reuters; Scotia Capital estimates.

Stock Recommendations

SECTOR OUTPERFORMS

Boralex Inc. – 1-Sector Outperform, $14.50 One-Year Target

- Boralex, one of our top picks for 2009, continues to grow its renewable power portfolio both on time and on budget. It seeks to nearly triple its capacity to 1,000 MW by 2012 from about 350 MW currently. Its contracted development projects are well funded and **should not require new equity**.
- We look for EBITDA **margin expansion** within its wood-residue biomass business heading into 2009, as diesel prices have fallen materially along with the sharp decline in crude oil prices.
- Boralex recently bid two projects, Merlin I & II, into the Ontario Power Authority's RES III Request for Proposal (RFP), from which we expect results soon. We continue to like the company's regional, seasonal, and fuel source diversification and we remain bullish on long-term Connecticut REC prices.
- One risk we are watching closely is the movement of several wind farm projects through the New England Power Pool (NEPOOL) interconnection queue, which, if/when commissioned, could place downward pressure on future Connecticut Class I Renewable Energy Credit (REC) prices. In the near to mid-term, Boralex is somewhat sheltered from fluctuating REC prices as the company has forward sold about 80% (our estimate) of its 2009 RECs, and up to 50% (our estimate) of its 2010 RECs.

Canadian Hydro Developers Inc. – 1-Sector Outperform, $6.50 One-Year Target

- 2009 is a critical period for Canadian Hydro Developers (KHD), as the company commissions close to 200 MW of new wind capacity in Ontario, and **nearly doubles** its total installed capacity from one year ago.
- At the end of Q4/08, **KHD received a favourable review panel decision** to proceed with its 100 MW Dunvegan hydro project in Alberta. The approval for Dunvegan comes after nearly a decade of work by KHD. At a preliminary cost estimate of between $500 million and $600 million, or between $0.83 million per GWh/year and $1 million per GWh/year, the project is by no means a bargain, but we believe that a 12% equity return is achievable.
- The company bid its 34 MW Parkhill wind project into Ontario's RES III RFP, as well as up to 55 MW into the BC Hydro Clean Power Call. **KHD expects it will not need new equity to fund its currently contracted development portfolio.**
- We anticipate that with solar panel prices expected to fall between 10% and 20% in 2009, KHD will move forward and finalize two 10 MW solar power projects near Napanee, Ontario. Each project would likely consist of 150,000 solar panels. The OPA's Standard Offer Contracts pay $420/MWh for 20 years, and are **not** indexed to inflation. We think the total 20 MW project will cost between $100 million and $120 million, and that **KHD will continue to wait until a 12% IRR is achievable.**

SECTOR UNDERPERFORMS

EarthFirst Canada Inc. – 3-Sector Underperform, $0.00 One-Year Target

- On November 4, EarthFirst obtained creditor protection under the Companies' Creditor Arrangement Act (CCAA) following the unsuccessful pursuit of several strategic alternatives, including: (1) raising financing, and (2) a sale of the company.

- Of the eight turbines that have been delivered to EarthFirst for Phase I of its 144 MW Dokie I project, two turbines have been erected and five turbines are scheduled to be erected shortly, with production commencing near the end of January 2009. The company believes that it does not have sufficient cash on hand to bring these turbines into production. We had previously assumed that financial challenges would occur in the second phase of the wind project and not during commissioning of the first few turbines.

- EarthFirst bid three projects into the BC Hydro Clean Power Call. We believe that BC Hydro will likely not award long-term Electricity Purchase Agreements (EPAs) to these projects as financing risk is too high. IPP financing challenges is the top reason for BC Hydro's high attrition rates for its last two power calls.

- **Given the current state of credit and equity markets, we do not believe that a post-CCAA restructuring of EarthFirst will result in any value for current shareholders.**

THE REST OF THE PACK

Innergex Renewable Energy Inc. – 2-Sector Perform, $6.50 One-Year Target

- The successful commissioning of the 109.5 MW Carleton wind farm, a joint venture between Innergex (38%) and TransCanada (62%), provides us with comfort that increased cash flow may partially offset higher debt financing costs for its development portfolio.

- **However, we are concerned that Innergex will likely require new equity to finance the remaining ~190 MW of Power Purchase Agreements (PPAs) that it has not commissioned from the 293 MW of PPAs it had during its December 2007 IPO.** Following its IPO, Innergex stated that the $115 million of equity raised from its offering would be enough to fund all of the equity requirements of its 293 MW of PPAs. As at Q3/08, Innergex had **less than $6 million of cash** on its balance sheet.

- **We are also uneasy about Innergex's relatively low PPA prices** for its contracted pipeline relative to its peers, as well as cost overruns and timing setbacks at its Umbata Falls and Ashlu Creek hydro projects.

- The near-term upside to the Innergex story is its strategic agreement with Fédération Québécoise des Municipalités, which essentially designates the company as the preferred partner for the development of wind farm projects under the anticipated 250 MW Quebec Municipal Wind RFP.

Plutonic Power Corporation – 2-Sector Perform, $4.00 One-Year Target

- We were initially pleased with Plutonic's announcement that it had secured GE as its financial partner to bid 1,193 MW (about $4 billion) into the BC Hydro Clean Power Call. However, Plutonic's 1,027 MW Bute Inlet bid may be considered too large to be awarded an Electricity Purchase Agreement (EPA) in the BC Hydro Clean Power Call. **Why:** the project would increase BC Hydro's concentration risk, and would effectively provide almost 100% of BC Hydro's targeted 3,000 GWh/year to one project, likely irking most other IPPs in the Call. **We do, however, think its 166 MW Upper Toba hydro project has a good chance of winning an EPA.**

- The market appears unwilling to assign much (if any) value to IPP portfolio pipelines, and accordingly is paying for operating and/or construction assets only. We value Plutonic's 196 MW fixed-price construction project at about $3 per share, which includes a future $30 million cash equity contribution.

Pristine Power Inc. – 2-Sector Perform, $3.25 One-Year Target

- Following the on-time and on-budget commissioning of its first power projects in 2H/08, **we anticipate 2009 capacity to increase by 9x,** as Pristine's 84 MW East Windsor Cogeneration Centre is brought online (Q3/09).

- Pristine holds a further 1,500+ MW (net) of mostly gas-fired power generation projects, much of which could progress materially in 2009. Pristine is advancing numerous power projects that it typically sells down to equity partners, **giving it many 50%-ownership interests for little to no equity investment.**
- **On December 11, Pristine Power was awarded a 20-year PPA for a 393 MW gas-fired power plant in Ontario's northern York Region** The $365 million project is a 50/50 JV with Harbert Power, a U.S.-based power company with a 2,000+ MW portfolio.
- We expect results from or material progress made on **up to six** provincial power requests in which Pristine is currently involved, representing over 1,300 MW net to Pristine. **In our opinion, the market has given little to no value for the upside potential of these RFPs to Pristine.**

Exhibit 3 provides comparative valuation details for our coverage universe.

Exhibit 3: Alternative and Renewable Energy Comparative Valuation Analysis

Company			Boralex	Canadian Hydro Developers	EarthFirst Canada	Innergex Renewable Energy	Plutonic Power	Pristine Power	Coverage Universe Average
Ticker			BLX	KHD	EF	INE	PCC	PPX	
Last Price (Dec 31, 2008)	(C$)		$7.55	$2.98	$0.02	$4.00	$2.45	$2.00	
Rating[1]			1-SO	1-SO	3-SU	2-SP	2-SP	2-SP	
1 Yr Target	(C$)		$14.50	$6.50	$0.00	$6.50	$4.00	$3.25	
ROR (1 Yr)	(%)		92.1%	118.1%	-100.0%	62.5%	63.3%	62.5%	**49.7%**
Dividend Yield	(%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Total Assets	(C$M)		$548	$1,292	$207	$412	$180	$171	
Book Value per Share	(C$)		$8.51	$3.43	$1.65	$9.70	$1.46	$1.95	
P/BV	(x)		0.9x	0.9x	0.0x	0.4x	1.7x	1.0x	**0.8x**
Market Data									
Shares O/S	(M)		37.7	154.1	103.3	23.5	44.2	30.2	
Market Cap.	(C$M)		$285	$459	$2	$94	$108	$60	
Ent. Value	(C$M)		$393	$1,138	-$50	$199	$150	$131	
Beta			0.8	0.8	-	-	0.9	-	**0.9**
ROR 1m	(%)		9.1%	33.6%	-40.0%	-25.8%	37.6%	41.8%	**9.4%**
ROR 3m	(%)		-22.0%	-30.7%	-95.7%	-45.8%	-49.9%	-4.8%	**-41.5%**
ROR 6m	(%)		-47.2%	-46.1%	-99.0%	-48.7%	-66.3%	-47.4%	**-59.1%**
ROR YTD	(%)		-56.2%	-53.4%	-99.2%	-67.9%	-67.6%	-	**-68.9%**
52-Week Low	(C$)		$5.06	$2.01	$0.01	$2.60	$1.74	$1.07	
52-Week High	(C$)		$18.79	$6.58	$2.05	$14.00	$9.01	$4.30	
Debt Analysis									
LTD/(LTD + Equity)	(%)		34.0%	59.3%	-	30.7%	49.1%	60.1%	**46.7%**
Debt/Assets	(%)		30.2%	55.6%	-	24.6%	34.5%	51.6%	**39.3%**
Forecast									
Sales	(C$M)	2009E	$220.4	$157.5	$5.1	$14.3	$0.0	$9.8	
		2010E	$243.2	$185.9	$31.5	$33.9	$1.8	$19.1	
		2011E	$257.7	$209.8	$55.5	$46.1	$30.2	$53.2	
EBITDA	(C$M)	2009E	$77.7	$110.8	$4.3	$0.7	-$10.8	-$5.0	
		2010E	$87.7	$132.8	$27.0	$8.5	-$8.4	-$3.4	
		2011E	$98.2	$152.2	$48.1	$11.8	$16.8	$20.4	
Earnings	(C$/share)	2009E	$0.75	$0.19	-$0.04	$0.03	-$0.23	-$0.18	
		2010E	$0.81	$0.22	-$0.03	$0.32	-$0.20	-$0.18	
		2011E	$0.90	$0.29	$0.01	$0.42	-$0.02	-$0.02	
Cash Flow	(C$/share)	2009E	$1.72	$0.48	-$0.02	$0.24	-$0.16	-$0.13	
		2010E	$1.95	$0.60	$0.05	$0.80	-$0.17	-$0.06	
		2011E	$2.13	$0.71	$0.13	$1.04	$0.09	$0.31	
Book Value	(C$/share)	2009E	$9.44	$3.69	$1.60	$9.72	$1.15	$1.72	
		2010E	$10.26	$3.92	$1.64	$10.61	$2.22	$1.54	
		2011E	$11.17	$4.23	$1.66	$11.06	$2.20	$1.96	
Current Valuation									
NAV	(C$/share)		$15.01	$7.08	$0.48	$6.35	$4.03	$3.27	
DCF[2]	(C$/share)		$14.67	$6.43	$1.00	$6.76	$3.90	$3.30	
P/NAV	(x)		0.5x	0.4x	0.0x	0.6x	0.6x	0.6x	**0.4x**
P/DCF	(x)		0.5x	0.5x	0.0x	0.6x	0.6x	0.6x	**0.4x**
Discount Rate	(%)		12.5%	10.5%	12.5%	12.0%	11.5%	11.0%	**11.8%**
EV per Risked MW[3]	(C$000s per MW)		$817	$1,513	($237)	$1,092	$888	$908	**$820**
EV per Risked GWh/y[3]	(C$000s per GWh/y)		$192	$487	($98)	$267	$375	$111	**$246**
P/E	(x)	2009E	10.1x	15.6x	n.m.	n.m.	n.m.	n.m.	**12.8x**
		2010E	9.3x	13.8x	n.m.	12.6x	n.m.	n.m.	**11.9x**
		2011E	8.4x	10.3x	n.m.	9.6x	n.m.	n.m.	**9.4x**
EV/EBITDA	(x)	2009E	5.1x	10.3x	n.m.	13.9x	n.m.	n.m.	**9.7x**
		2010E	4.5x	8.6x	n.m.	5.9x	n.m.	n.m.	**6.3x**
		2011E	4.0x	7.5x	n.m.	4.3x	7.8x	6.4x	**5.9x**
P/S	(x)	2009E	1.3x	2.9x	0.3x	4.0x	n.m.	6.2x	**2.1x**
		2010E	1.2x	2.5x	0.0x	2.0x	n.m.	3.2x	**1.4x**
		2011E	1.1x	2.2x	0.0x	1.5x	3.6x	1.1x	**1.7x**
P/CF	(x)	2009E	4.4x	6.2x	n.m.	16.4x	n.m.	n.m.	**9.0x**
		2010E	3.9x	5.0x	0.3x	5.0x	n.m.	n.m.	**3.5x**
		2011E	3.5x	4.2x	0.1x	3.9x	28.0x	6.5x	**7.9x**
P/BV	(x)	2009E	0.8x	0.8x	0.0x	0.4x	2.1x	1.2x	**0.8x**
		2010E	0.7x	0.8x	0.0x	0.4x	1.1x	1.3x	**0.6x**
		2011E	0.7x	0.7x	0.0x	0.4x	1.1x	1.0x	**0.6x**
Company Metrics									
Capacity (net)	(MW)	Operating	364 MW	496 MW	0 MW	61 MW	0 MW	3 MW	**158 MW**
		Near Term[4]	176 MW	227 MW	174 MW	50 MW	78 MW	32 MW	**167 MW**
		Pipeline[5]	160 MW	1,719 MW	2,476 MW	2,487 MW	1,637 MW	1,530 MW	**1,695 MW**
Generation (net)	(GWh/y)	Operating	1,700 GWh/y	1,486 GWh/y	0 GWh/y	224 GWh/y	0 GWh/y	18 GWh/y	**612 GWh/y**
		Near Term	534 GWh/y	699 GWh/y	404 GWh/y	265 GWh/y	298 GWh/y	269 GWh/y	**510 GWh/y**
		Pipeline	434 GWh/y	5,245 GWh/y	6,118 GWh/y	8,016 GWh/y	3,399 GWh/y	12,393 GWh/y	**4,642 GWh/y**

1. SO - Sector Outperform, SP - Sector Perform, SU - Sector Underperform.
2. DCF for EarthFirst is based four equally-w eighted scenarios: (1) refinancing; (2) bankruptcy; (3) takeover; and (4) financial partner.
3. Capacity and generation are risk-adjusted as follow s:
(1) Operating - 100% (2) Under Construction - 90%; (3) PPA & Permitted - 50%; (4) PPA or Permitted - 25%; (5) Some Development - 10%; (6) Pipeline - 0%.
4. Near Term: Sum of (2) Under Construction and (3) PPA & Permitted.
5. Pipeline: Sum of (4) PPA or Permitted, (5) Some Development, and (6) Pipeline.

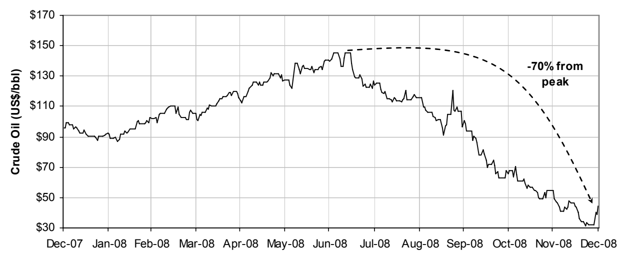
Source: Reuters; Scotia Capital estimates.

Why Renewable Power Stocks Were Down 70% in 2008

Many Canadian alternative energy stocks were down about 70% in 2008, on average. In our view, there are two reasons for the recent carnage in renewable power equities: (1) the global energy complex is now worth materially less than what it was worth six months ago, and has dragged down alternative energy along with it; and (2) credit crunch-related higher debt financing costs coupled with lower credit availability have put many future renewable projects at risk of not being financed, and therefore at risk of not earning previously anticipated cash flows.

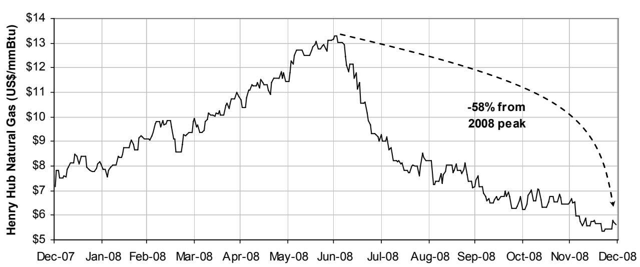
The sense of urgency to switch from conventional fossil fuel-fired power sources to renewable power sources has fallen.

Exhibit 4: Crude Oil Is Down 70%+ from July 2008 Peak



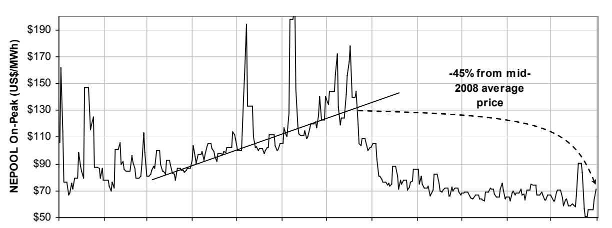
Source: Bloomberg; Scotia Capital.

Exhibit 5: Natural Gas Is Down 58%+ from July 2008 Peak



Source: Bloomberg; Scotia Capital.

Exhibit 6: NEPOOL Spot Power Prices Are Down 45% from Mid-2008



Source: Bloomberg; Scotia Capital.

GLOBAL ENERGY COMPLEX WORTH MATERIALLY LESS

Over the past several months, plunging oil prices have led the entire global energy complex lower, including the present value of alternative and renewable energy. Fears of a global recession (i.e., **energy demand destruction**), coupled with the forced selling of energy derivatives by speculators, have caused the price of oil to drop by over US$100/bbl since mid-2008 (Exhibit 4). Seasonally adjusted natural gas and power prices have declined in sympathy as well (Exhibits 5 and 6). We see several implications to alternative and renewable energy equity investments from this energy market correction, as follows:

- the net present value of energy security and independence has been reduced;
- levelized renewable power cost spreads over grid parity have widened; and
- forecast capital costs for new conventional power plants are dropping as falling energy prices have dragged down commodities/materials prices along with them.

As a result of a lower-valued energy complex, **the sense of urgency to switch from conventional fossil fuel-fired power sources to renewable power sources has fallen.**

Reduced Net Present Value of Energy Security and Independence

While the sense of economic urgency to achieve energy security has been reduced, we believe the necessity remains intact over the long term.

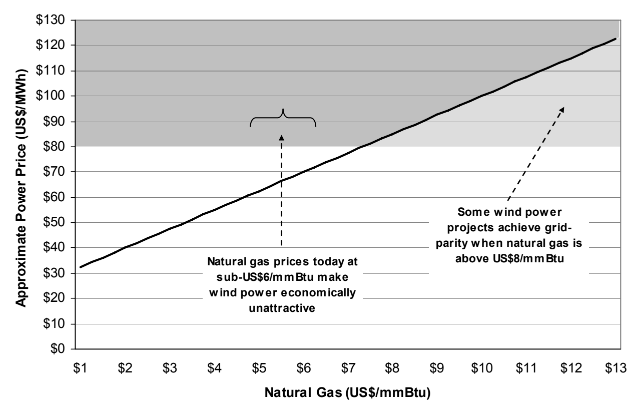
While the need for the United States to achieve energy security and independence, at least from a policy standpoint, has not been reduced, the dollar value of its dependence on foreign energy sources has clearly diminished. At US$120/bbl oil, the United States would send, on average, over US$1 billion per day of cash to Middle Eastern nations for its energy supply, which was typically funded by China's purchase of U.S. debt. With the decline of crude oil prices by about 70% of its mid-2008 peak level of US$147/bbl, the net present dollar value of the United States' foreign energy requirements has dropped materially as well. **However, U.S. dependence on Middle Eastern energy, as measured by a percentage of total energy consumption, has not deviated, and will not deviate until home-grown renewable energy increases.** As a result, while the sense of economic urgency to achieve energy security has been reduced, we believe that the necessity remains intact over the long term, and is supportive of our long-term bullish stance on North American renewable power development.

Levelized Renewable Power Cost Spreads Have Widened Over Grid Parity

The decline of seasonally adjusted natural gas prices, which have retreated in sympathy with lower oil prices, has reduced the marginal cost of power substantially. Accordingly, the spread between grid parity and various levelized costs of renewable power technologies have widened, **making renewable power relatively less appealing for now.**

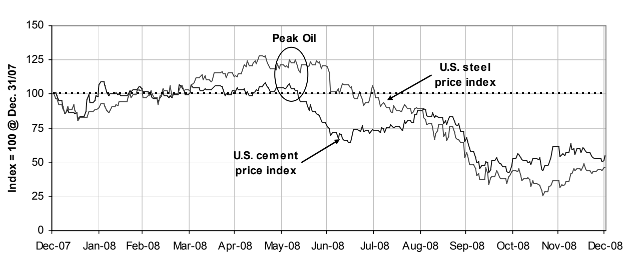
When natural gas is priced at about US$8/mmBtu, we see some wind projects being able to competitively provide power to the grid.

Exhibit 7: Wind Can Achieve Grid Parity at US$8/mmBtu Natural Gas



Source: Scotia Capital estimates.

Exhibit 8: Materials Prices for New Capacity Are Declining



Source: Bloomberg; Scotia Capital.

In our minds, when natural gas is priced above US$8/mmBtu, we see some wind projects being able to competitively provide power to the grid. Recently, natural gas prices have dropped from the US$13/mmBtu area to below US$6/mmBtu (Exhibit 7).

Capital Costs for Conventional New Build Should Ease

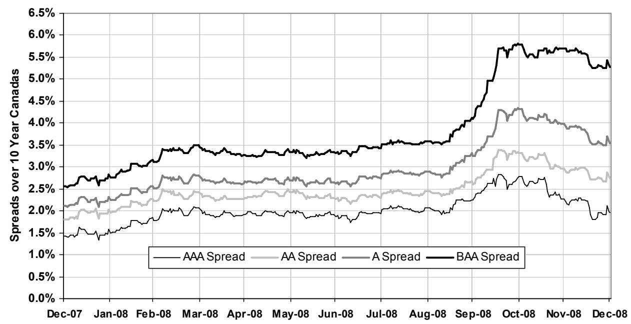
Steel, cement, iron, and other commodities and materials prices have fallen sharply over the past six months (Exhibit 8) on the back of: (1) lower oil and other energy prices; and (2) reduced industrial activity forecasts due to the global economic meltdown. Additionally, labour costs should slide, as labour supply has increased while labour demand continues to drop.

WEAK CREDIT AND EQUITY MARKETS

Materially higher borrowing costs, coupled with limited availability of credit, will cause many renewable power projects to be shelved or cancelled entirely.

The credit crisis faced by most financial institutions has sent a shockwave through those companies that depend on them the most – capital-intensive companies with limited access to debt capital markets. As many renewable companies typically target a capital structure of 80% debt and 20% equity, the implications of a frozen credit market to alternative energy companies are severe.

Exhibit 9: Credit Spreads Have Widened Materially



Source: Bloomberg; Scotia Capital.

We believe that materially higher costs of borrowing, coupled with a limited availability of credit, will cause many attractive renewable power projects to be shelved or cancelled entirely. This is despite falling reference rates, which, in our opinion, offset about 10% of the rise in credit spreads for relatively weak issuers. Exhibit 9 shows the widening of corporate credit spreads over 10-year Government of Canada bonds.

Credit Crunch Impact on the U.S. Power Market

Within the United States, funding for power projects has stalled more severely than in Canada. Capital budgets are being slashed and renewable power projects are being cancelled. Even large, diversified, investment-grade power companies have cut back their 2009 renewable and non-renewable spending programs. Historically, power companies have been the **third**-largest borrowers, after: (1) the government; and (2) the financial services industry.

Within the U.S., capital budgets (for mostly renewable projects) are being slashed.

- New Jersey's largest utility, **Public Service Enterprise Group** (S&P "BBB" credit rating), is cutting its 2009 capex budget by 15%, with 40% of that cut coming from renewables.
- **American Electric Power** (S&P "BBB" credit rating) will cut its 2009 capital spending by 23% to about US$2.6 billion, with more than half of the cuts made to alternative energy investments.
- **El Paso** (S&P "BB" credit rating) reduced its capital expenditures program over the next 15 months by at least US$0.3 billion. Further capital spending reductions may occur, depending on the market's receptiveness to El Paso's need to raise between US$500 million and US$800 million in 2H/09.
- Given current market conditions, **Williams Companies, Inc.** (S&P "BBB-" credit rated) has lowered the range of its 2009 capex program to between US$2.8 billion and US$3.1 billion, from between US$2.925 billion and US$3.625 billion.
- **FPL Group** (S&P "A" credit rating), one of the largest alternative energy players, has announced a reduction in its 2009 renewables expansion plan to 1,100 MW from 1,500 MW, saving an estimated US$1.7 billion.
- **Duke Energy** (S&P "A-" credit rating) recently cut its solar plan in half.

Some Canadian Renewable Power Financing Deals Were Completed in Late 2008

- **Pristine Power** and **ENMAX Green Power** completed a 10-year, $24.6 million non-recourse project financing agreement for their two 5 MW Enpower projects. The term loan will finance almost 80% of the $31.5 million project. Pristine's financial partner, CFI Infrastructure Opportunities LP, purchased half of Pristine's 50% ownership interest in the project for $3.7 million cash.
- **Western GeoPower** closed the first tranche of a $25 million non-brokered private placement on October 20; 42.7 million units were issued at $0.25/unit for total gross proceeds of $10.7 million. Each unit consists of one common share and warrant exercisable at $0.45/share in the first 12 months, and at $0.50/share in the following 12-month period. Shares of the company closed November 4 at $0.145. On November 10, WGP announced that it had closed a US$11 million secured loan facility in lieu of completing an additional tranche of its $25 million non-brokered private placement.
- **Shear Wind** closed a $1.66 million private placement for the development of its 60 MW Glen Dhu wind park in Nova Scotia. About 3.54 million units were issued at $0.47/unit. Each unit includes one common share and one-half warrant, whereby one warrant entitles the holder to purchase a common share at $0.55/share for two years.
- **Finavera Renewables** announced a $1 million non-brokered private placement that consisted of about 20 million units sold at 5¢ per unit. Each unit consists of one common share and one-half share warrant, with each full warrant exercisable at 10¢ for 12 months.
- **GE Energy Financial Services** signed MOUs with both **Plutonic Power** and **Finavera Renewables** to fund the equity components of their respective bids into the BC Hydro Clean Power Call. Plutonic's 1,193 MW run-of-river hydro submission is estimated to cost about $4 billion ($720 million equity), while Finavera's 295 MW wind bid will cost about $800 million.
- **AAER**, a Canadian wind turbine manufacturer, completed a $4 million secondary offering to raise funds for: (1) purchasing manufacturing equipment; (2) completing its payments for various nacelle components; and (3) general corporate and working capital purposes.
- **SkyPower** and **SunEdison** closed financing with NordLB for their 9 MW solar PV. The deal is part of a larger $80 million debt financing arrangement for 19 MW of solar projects in Ontario.
- **Innergex** closed its $67.7 million in financing for its 38% share of the 109.5 MW Carleton wind farm. Sumitomo Mitsui Banking Corp. and Bank of Tokyo-Mitsubishi will split the debt 50/50.

Exhibit 10 shows performance and valuation metrics for publicly traded Canadian independent power producers.

Exhibit 10: Canadian Independent Power Producers – Valuation Metrics

Company Name	Ticker	Last Price	52-Wk Low	52-Wk High	Shares O/S	Market Cap	Debt/ Equity	Debt/ Assets	Debt/ EBITDA	1-Month	3-Month ROR	1-Year ROR
		12/31/08			(M)	(C$M)	(%)	(%)	(x)	(%)	(%)	(%)
Boralex	**BLX**	**$7.55**	**$5.06**	**$18.79**	**37.7**	**$285**	**851%**	**30%**	**0.5x**	**9%**	**-22%**	**-56%**
Canadian Hydro Developers	**KHD**	**$2.98**	**$2.01**	**$6.58**	**154.1**	**$459**	**343%**	**56%**	**1.5x**	**34%**	**-31%**	**-53%**
EarthFirst Canada	**EF**	**$0.02**	**$0.01**	**$2.05**	**103.3**	**$2**	**165%**	**-**	**-**	**-40%**	**-96%**	**-99%**
Innergex Renewable Energy	**INE**	**$4.00**	**$2.60**	**$14.00**	**23.5**	**$94**	**970%**	**25%**	**0.4x**	**-26%**	**-46%**	**-68%**
Plutonic Power	**PCC**	**$2.45**	**$1.74**	**$9.01**	**44.2**	**$108**	**146%**	**34%**	**1.0x**	**38%**	**-50%**	**-68%**
Pristine Power	**PPX**	**$2.00**	**$1.07**	**$4.30**	**30.2**	**$60**	**195%**	**52%**	**1.5x**	**42%**	**-5%**	**-**
Run of River Power	ROR	$0.06	$0.05	$0.59	-	-	-	-	-	0%	-69%	-
Sea Breeze Power	SBX	$0.11	$0.05	$0.52	-	-	-	-	-	-	-	-
Nevada Geothermal Power	NGP	$0.35	$0.28	$1.60	94.4	$33	113%	44%	n.m.	3%	-53%	-72%
Polaris Geothermal	GEO	$0.28	$0.20	$1.69	75.3	$21	42%	26%	40.5x	4%	-64%	-76%
Sierra Geothermal Power	SRA	$0.11	$0.08	$0.89	-	-	-	-	-	-	-	-
US Geothermal	GTH	$0.96	$0.46	$4.05	62.0	$60	0%	0%	n.m.	75%	-46%	-76%
Western GeoPower	WGP	$0.20	$0.12	$0.46	233.7	$47	2%	2%	n.m.	33%	-9%	-56%
Finavera Renewables	FVR	$0.04	$0.03	$0.35	203.8	$8	-	0%	n.m.	-27%	-56%	-88%
NaiKun Wind Development	NKW	$0.39	$0.24	$3.45	39.1	$15	0%	0%	n.m.	-7%	-43%	-89%
Shear Wind	SWX	$0.16	$0.13	$1.16	-	-	-	-	-	-	-	-
Western Wind Energy	WND	$0.60	$0.50	$4.35	36.7	$22	4%	3%	n.m.	-33%	-55%	-57%
Universe Average						**$168**	**445%**	**39%**	**1.0x**	**9%**	**-41%**	**-69%**
Total Average						**$93**	**236%**	**23%**	**7.6x**	**7%**	**-46%**	**-71%**

	Enterprise Value to EBITDA			Price to Earnings			Price to Sales			Price to Cash Flow		
Company Name	**2009E**	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**
	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
Boralex	**5.1x**	**4.5x**	**4.0x**	**10.1x**	**9.3x**	**8.4x**	**1.3x**	**1.2x**	**1.1x**	**4.4x**	**3.9x**	**3.5x**
Canadian Hydro Developers	**10.3x**	**8.6x**	**7.5x**	**15.6x**	**13.8x**	**10.3x**	**2.9x**	**2.5x**	**2.2x**	**6.2x**	**5.0x**	**4.2x**
EarthFirst Canada	**n.m.**	**n.m.**	**n.m.**	**n.m.**	**n.m.**	**n.m.**	**0.3x**	**0.0x**	**0.0x**	**n.m.**	**0.3x**	**0.1x**
Innergex Renewable Energy	**13.9x**	**5.9x**	**4.3x**	**n.m.**	**12.6x**	**9.6x**	**4.0x**	**2.0x**	**1.5x**	**16.4x**	**5.0x**	**3.9x**
Plutonic Power	**n.m.**	**n.m.**	**7.8x**	**n.m.**	**n.m.**	**n.m.**	**n.m.**	**n.m.**	**3.6x**	**n.m.**	**n.m.**	**28.0x**
Pristine Power	**n.m.**	**n.m.**	**6.4x**	**n.m.**	**n.m.**	**n.m.**	**6.2x**	**3.2x**	**1.1x**	**n.m.**	**n.m.**	**6.5x**
Run of River Power	-	-	-	-5.5x	-	-	-	-	-	-	-	-
Sea Breeze Power	-	-	-	-	-	-	-	-	-	-	-	-
Nevada Geothermal Power	-26.8x	8.5x	4.6x	-7.0x	-3.9x	-4.4x	-	2.3x	1.5x	-17.5x	-	-
Polaris Geothermal	-	-	-	-14.0x	1.6x	-	-	-	-	3.1x	0.8x	-
Sierra Geothermal Power	-	-	-	-	-	-	-	-	-	-	-	-
US Geothermal	-	2.7x	1.1x	-10.1x	123.1x	4.9x	23.8x	6.5x	2.2x	-14.8x	-74.4x	-
Western GeoPower	-	-	-	-	-	-	0.7x	-	-	1.7x	-	-
Finavera Renewables	-	-	-	-	-	-	-	-	-	-	-	-
NaiKun Wind Development	-	-	-	-	-	-	-	-	-	-1.3x	-	-
Shear Wind	-	-	-	-	-	-	-	-	-	-	-	-
Western Wind Energy	-	-	-	-	-	-	-	-	-	-	-	-
Universe Average	**9.7x**	**6.3x**	**6.0x**	**12.8x**	**11.9x**	**9.4x**	**2.9x**	**1.8x**	**1.6x**	**9.0x**	**3.5x**	**7.7x**
Total Average	**0.6x**	**6.0x**	**5.1x**	**-1.8x**	**26.1x**	**5.8x**	**5.6x**	**2.5x**	**1.7x**	**-0.2x**	**-9.9x**	**7.7x**

Source: Reuters; Scotia Capital estimates.

10 Reasons We Remain Long-Term Bulls

At least 66 countries have national electricity policies with renewable targets. Canada and the U.S. do not.

Exhibit 11: Connecticut Seeks 20% Renewable Power by 2020

Start Date	Class I	Class I or II	Class III	Total
01-Jan-06	2.0%	3.0%		5.0%
01-Jan-07	3.5%	3.0%	1.0%	7.5%
01-Jan-08	5.0%	3.0%	2.0%	10.0%
01-Jan-09	6.0%	3.0%	3.0%	12.0%
01-Jan-10	7.0%	3.0%	4.0%	14.0%
01-Jan-11	8.0%	3.0%	4.0%	15.0%
01-Jan-12	9.0%	3.0%	4.0%	16.0%
01-Jan-13	10.0%	3.0%	4.0%	17.0%
01-Jan-14	11.0%	3.0%	4.0%	18.0%
01-Jan-15	12.5%	3.0%	4.0%	19.5%
01-Jan-16	14.0%	3.0%	4.0%	21.0%
01-Jan-17	15.5%	3.0%	4.0%	22.5%
01-Jan-18	17.0%	3.0%	4.0%	24.0%
01-Jan-19	18.5%	3.0%	4.0%	25.5%
01-Jan-20	20.0%	3.0%	4.0%	27.0%

Class I: solar, wind, fuel cells, methane gas from landfills, biomass after 1998, ocean, wave or tidal power, run-of-river less than 5 MW beginning after July 1, 2003, low emission advanced renewable energy conversion technologies

Class II: trash-to-energy, run-of-river less than 5 MW and prior to July 1, 2003, and biomass before 1998.

Class III: combined heat and power systems with an operating efficiency greater than 50%

Source: Company reports; Scotia Capital.

RENEWABLE PORTFOLIO STANDARDS KEEP GROWING

To date, renewable portfolio standards (RPS) exist in at least 66 countries, a 50% increase from the 44 countries with RPS mandates at the end of 2007. According to REN21's August 2008 *Renewable Energy Potentials* report, 60 countries, including 23 developing nations, have **national** electricity policies that include the use of renewable power technologies.

With respect to the rising intensity of these RPS policies, we have provided Connecticut's renewable portfolio standard as an example, which requires 20% renewable energy by 2020, up from only 6% today (Exhibit 11). Most national and/or state/provincial policies have similar **step-up** requirements to Connecticut's.

THE FAILED KYOTO PROTOCOL REQUIRES A SUCCESSOR PROGRAM BY 2012

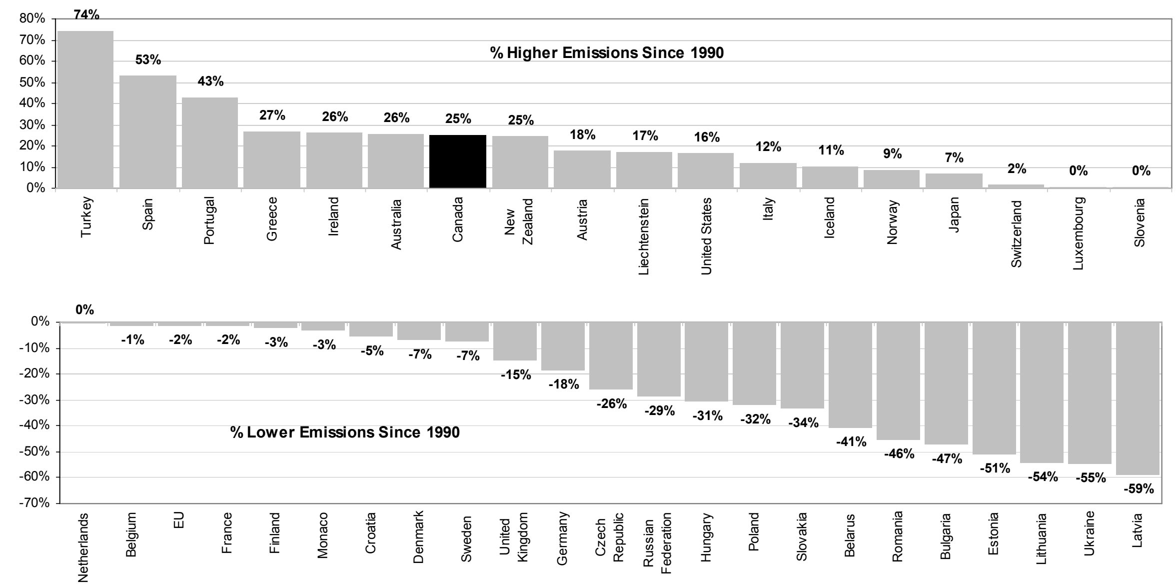
A U.S. administration change, global recession fears, and sub-US$50/bbl oil make it unlikely that a new global warming pact will be agreed to soon.

Following the two-week UN Climate Change Conference in Bali in December 2007, which resulted in a post-Kyoto Protocol roadmap being created to reduce global emissions, about 9,000 participants attended a two-week December 2008 session in Poznan, Poland. **We do not expect the Bali Roadmap discussions to conclude with a final agreement in Copenhagen in December 2009. Why?** The change in the U.S. administration, global recession fears, and sub-US$50/bbl oil make it unlikely, in our opinion, that a new pact to fight global warming will be agreed to.

Highlights of the Bali Roadmap document include: (1) developing nations are to take on new climate change responsibilities under the 2009 deal, which are "measureable, reportable, and verifiable"; (2) no binding/hard cap emissions reduction targets for developed or developing nations; and, (3) more funding will be provided to developing nations for clean technologies as well as sharing of clean technology R&D. **We believe the most important differences between the Bali Roadmap and the current Kyoto Protocol are the inclusion of the United States as well as developing nations such as China, India, and Brazil.**

In our opinion, renewable power companies that are able to produce and sell CO_2 offsets should benefit from a post-Kyoto Protocol agreement. However, it is less clear to us whether renewable technology producers will benefit in the long term, as the sharing of clean technologies with developing nations will be a key component of any future agreement. Exhibit 12 shows the results of the failed Kyoto Protocol program to date. **Many nations, including Canada, are emitting well above 1990 levels, compared with overall targets of 5.2% below 1990 levels**.

Exhibit 12: Kyoto Protocol Compliance to Date – Mixed Results



Source: UNFCCC; Scotia Capital.

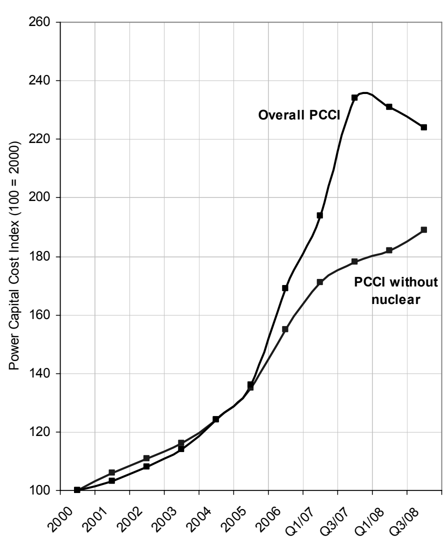
RENEWABLE POWER CAPITAL COSTS SHOULD START TO FLATTEN SHORTLY

We think wind and hydro capital costs will flatten over the near term.

Following a sharp drop in the price of steel, cement, and other materials, **we now see installed capital costs of both wind farms and hydro facilities stabilizing over the near term and dropping over the mid-term.**

Prior to the mid-2008 collapse of energy prices, we had expected wind turbine prices to continue rising into 2010. Additionally, the credit crunch that has forced several IPPs to cancel wind turbine orders has **increased manufacturer's fears about stalling demand.** Please refer to our section titled "Wind Power Capital Costs Should Ease in Late 2010" for further details.

Exhibit 13: Power Capital Costs Index (PCCI)



Source: Cambridge Energy Research Associates.

In our opinion, those power technologies where capital costs are the largest component of levelized costs will benefit more from falling materials prices than those that have fuel costs that form a significant portion of total generation costs. Wind, hydro, and nuclear power, which had been hit the hardest with rising steel/cement/other materials prices, should fare well in the current environment. Since 2000, nuclear costs have nearly tripled, while wind turbine capital costs have slightly more than doubled (Exhibit 13). On a relative basis, we see new wind power capacity becoming more competitive with conventional fossil fuel-fired power generation as capital costs ease. **Those companies that have signed PPA projects due online within two to four years and have not yet purchased their capital equipment are poised to benefit from lower material costs over the mid-term.**

THE IMPLEMENTATION OF CARBON-PRICING MECHANISMS ARE ACCELERATING

Late-September saw the **Regional Greenhouse Gas Initiative** (RGGI) begin to auction permits to emit CO_2. About 12.5 million permits were initially auctioned; that number will increase to 188 million permits per year over the next three years, or about 9% above the amount of CO_2 that was released in 2007. **Money raised from the auctions will be used to invest in or subsidize alternative energy projects.** RGGI futures prices are currently in the US$4/$CO_2$ tonne area.

The **Western Climate Initiative** (WCI), consisting of four Canadian provinces and seven U.S. states, released its blueprint regional cap-and-trade plan to reduce emissions by 15% below 2005 levels by 2020. The first phase of the program will begin in 2012. **Seventy percent of the Canadian economy and 20% of the U.S. economy are covered under the WCI.** Similar to many cap-and-trade programs, proceeds raised through the auctioning of carbon emission permits will be used to fund alternative energy programs.

The **Midwestern Regional Greenhouse Gas Reduction Accord**, which consists of six Midwestern U.S. states and Manitoba, plans to launch its cap-and-trade program by mid-2010, unchanged.

All internationally recognized energy agencies continue to forecast fossil fuel-based demand growth over the mid-term.

Prime Minister Harper has proposed a joint climate change pact with U.S. President-elect Barack Obama that would seek to protect Alberta's oil sands projects from hard-hitting new U.S. climate change proposals. Mr. Obama has condemned the use of dirty oil, specifically criticizing the Alberta oil sands, and has pledged to reduce greenhouse gas emissions to 1990 levels by 2020, or a reduction of between 15% and 20%.

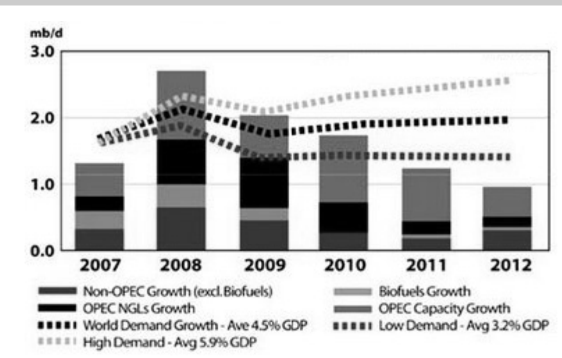
The European Council recently released its latest plan to **extend** the EU's Emissions Trading Scheme.

LONG-TERM GLOBAL DEMAND FOR LIMITED FOSSIL FUELS CONTINUES TO RISE

Despite the recent and sharp collapse of oil prices, due in part to a fall in near-term expected energy demand, **all internationally recognized energy agencies continue to forecast fossil fuel-based energy demand growth over the mid- and long term, coupled with falling long-term supply (Exhibits 14 and 15).**

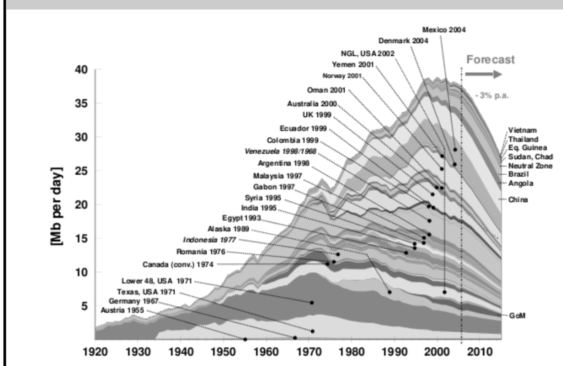
Oil price estimates through 2011 are at least US$20/bbl above the current forward curve.

Exhibit 14: Forecast Global Energy Supply/Demand



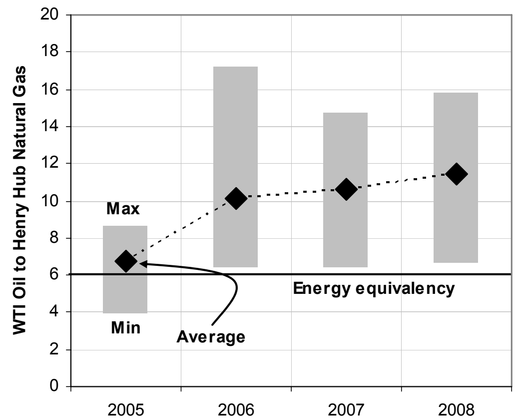
Source: International Energy Agency.

Exhibit 15: World Energy Consumption



Source: Ludwig-Bolkow-Systemtechnik GmbH, 2007.

Exhibit 16: Historical Oil to Gas Ratio Ranges



Source: Bloomberg; Scotia Capital estimates.

The Bloomberg mean consensus forecast for WTI oil is US$76/bbl for 2009, rising to an average price of US$97/bbl in 2011. **These estimates range between US$20/bbl and US$25/bbl above the current forward curve for WTI oil.** If the consensus estimates for oil prices are accurate, and the average ratio of oil to natural gas over the past several years holds, then **we think that the levelized costs of wind power, run-of-river hydro, and geothermal production will be within grid parity – where natural gas sets the marginal cost of power.** Exhibit 16 shows the range of WTI oil to Henry Hub natural gas ratios over the past four years.

INCREASED TRANSMISSION TO ACCOMMODATE RENEWABLES IS EVOLVING

In May 2008, the Western Governors' Association launched the Western Renewable Energy Zones project (WREZ), which has a mandate to develop transmission plans to accommodate 30,000 MW of clean energy by 2015. Participating members include 11 states, two provinces, and northern Mexico. Currently WREZ is identifying all potential commercial renewable resources, and will then aggregate the best resources to develop conceptual transmission plans. Benefits of the initiative include: (1) economies of scale; (2) resource pairing; (3) optimal line loadings; (4) potentially lower costs than state-by-state markets; and (5) a more robust regional transmission system. WREZ has a budget of about US$1 million to develop to identify renewable energy zones.

The BCTC will invest $657 million for interconnecting renewable power over the next 10 years.

The BC Transmission Corporation (BCTC) continues to review how utility-scale renewable capacity, such as 500 MW of wind power, could trigger investments to reinforce transmission. On November 24, BCTC announced a $5.3 billion capital plan to be spent over 10 years. Included in the plan is $3.3 billion for growth expenditures, of which $657 million has been earmarked for interconnecting clean and renewable generation, including both current projects and expected future projects.

Also in B.C., is the development of the Juan de Fuca cable, a Sea Breeze Power project. The high voltage direct current (HVDC) cable, which is capable of transmitting 550 MW, is now fully permitted and is an inter-country and a bi-directional transmission line. **The cable should allow for market expansion by IPPs in B.C.** Benefits of the HVDC technology include limited line losses (about 1% per 400 km), better controllability, and increased flexibility.

In Ontario, Hydro One has embarked on the largest infrastructure renewal period in over 20 years. One of its largest projects is the development of a 180 km, 500 kV line in the Bruce to Milton area, connecting new renewable energy (mainly wind) and nuclear power to the main grid.

AltaLink is developing the South Alberta Transmission Development Project, which seeks to interconnect up to 2,700 MW of wind capacity in Alberta. On December 16, the Alberta Electric System Operator (AESO) announced that it will support the construction of the 240 kV loop system. The total project is estimated to cost $1.83 billion.

POLITICAL SUPPORT CONTINUES TO STRENGTHEN FOR ALTERNATIVE ENERGY

Political support for alternative energy is now universally accepted. What remains debatable among political parties is the design and implementation of policies to achieve mandated growth within the space.

Perhaps the most important question that government bodies face is who should pay for the incentives offered to IPPs to add new renewable power capacity onto the grid: (1) governments; (2) utilities; (3) rate payers; or (4) some combination of all three? U.S. President-elect Obama seeks to add up to 5 million "green" jobs over his four-year term, and plans to invest over US$150 billion to further develop the clean energy industry. Please refer to the "Obama's Challenge – Two Birds, One Stone" section of this report for further details.

California Governor Arnold Schwarzenegger signed an executive order recently that would mandate an increase in the state's renewable electricity standard to 33% by 2020, up from 20% by 2010.

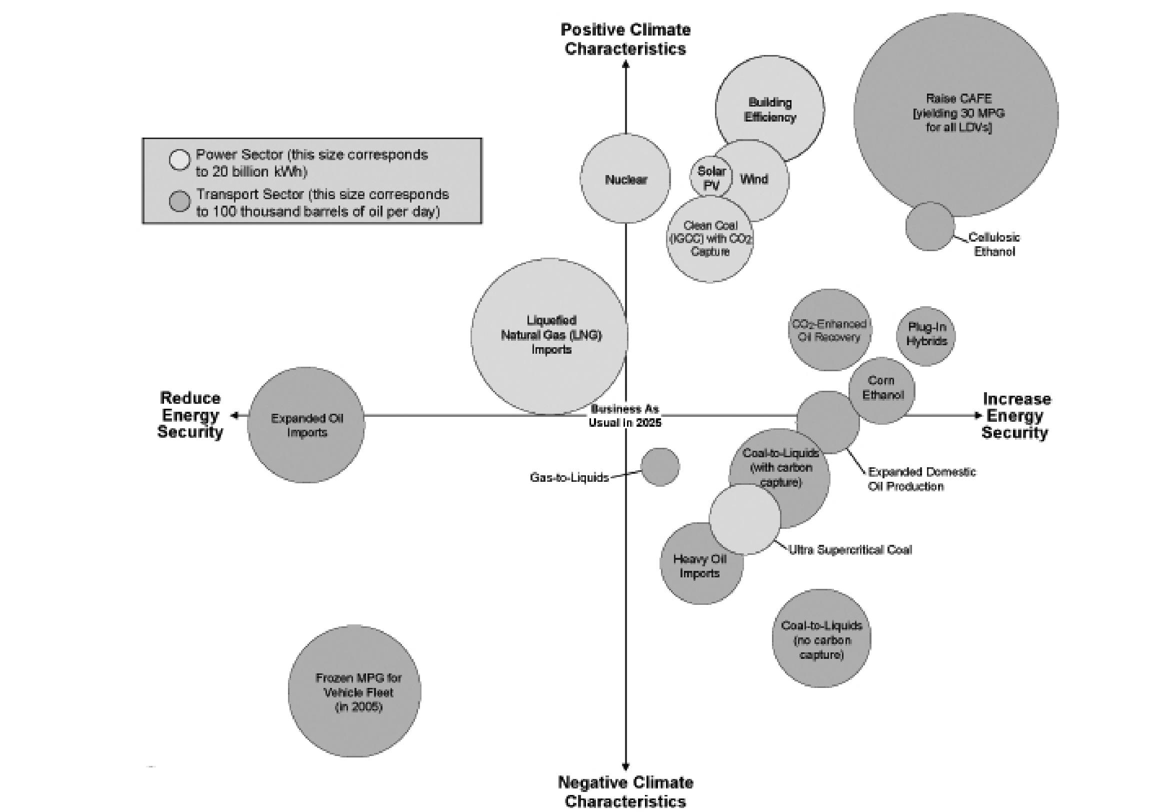
ENERGY SECURITY AND INDEPENDENCE REMAIN A STRONG SOCIETAL CONCERN

Irrespective of a global energy complex that is now worth materially less than what it was worth in mid-2008, societal demand for many developed nations to break their foreign oil addiction continues unabated. Over 60% of respondents to a G-7 poll want their country to take a leading role in ending dependence on foreign energy. **But, energy independence requires costly policy and legislative changes.**

Energy independence requires costly policy and legislative changes.

In our minds, renewable energy sources such as wind, solar, geothermal, and hydro can and will make substantial contributions toward achieving increased energy security. Increasing home-grown alternative energy reduces dependence on energy exporting nations, including those with high geopolitical risk. Exhibit 17 maps potential U.S. energy security impacts and tradeoffs by 2025.

Exhibit 17: Potential U.S. Energy Security Impacts in 2025



Source: Energy Information Administration.

RENEWABLE SUBSIDY AND INCENTIVE GROWTH REMAIN INTACT

Following the recent one- to two-year extension of the U.S. Production Tax Credit (PTC) as well as an eight-year Investment Tax Credit extension on solar equipment, **U.S. President-elect Obama seeks to extend the PTC by a further five years.** In Canada, the $10/MWh ecoENERGY federal government incentive will likely run out soon, as there are more than 11,400 MW of projects in the program queue, which can support approximately 4,000 MW. **We believe the success of ecoENERGY will likely be followed with an extension or renewal announcement for the incentive over the next year.**

Across the Atlantic, Germany recently **increased** its subsidy for wind power, while Norway plans to **double** funds to promote renewable energy investments. Also, Spain recently ratified an **increase** on solar subsidies to 500 MW, up from 300 MW previously.

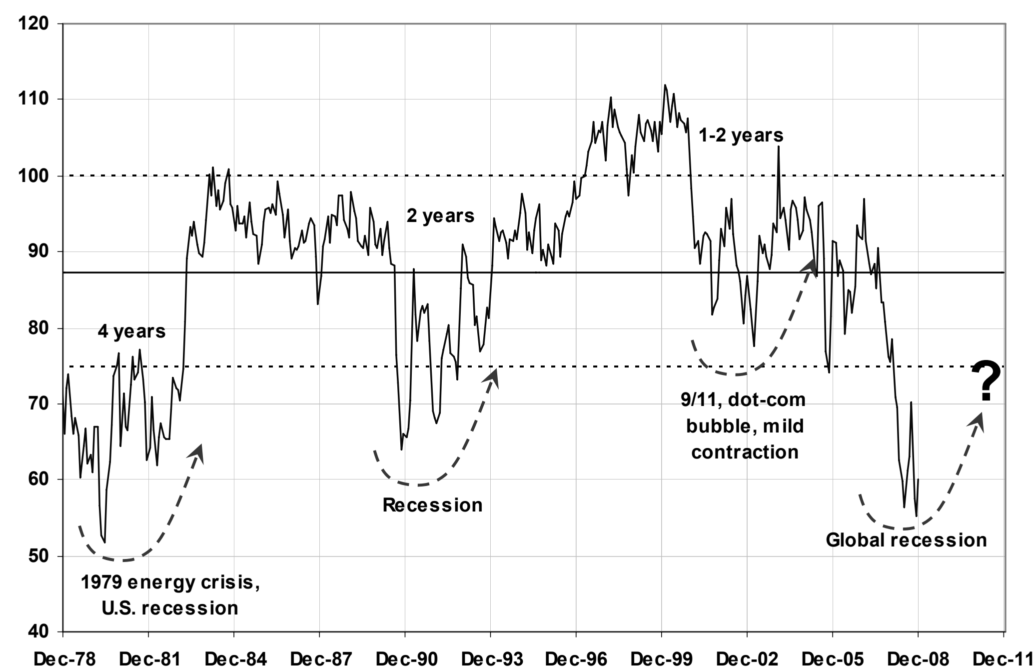
We believe the ecoENERGY incentive will likely be extended or renewed in 2009.

WEAK CREDIT AND EQUITY MARKETS WILL EVENTUALLY RECOVER

We have little doubt that poor credit and equity markets will continue to harm the growth prospects of many independent power producers over the short to mid-term. However, we see current renewable power equity valuations offering long-term investors a compelling entry point into the space. Our view is based on: (1) a 12- to 18-month recovery of credit and equity markets; (2) the need for banks to begin lending once again; and (3) a rebuilding of confidence in the global economy.

Exhibit 18 shows the University of Michigan's Consumer Confidence Index, which is now close to its lowest level ever. Since then, and likely due to the evolution of the information age, it appears that depressed consumer confidence levels bounce back over increasingly shorter periods of time.

Exhibit 18: University of Michigan Consumer Confidence Index



Source: Bloomberg; Scotia Capital.

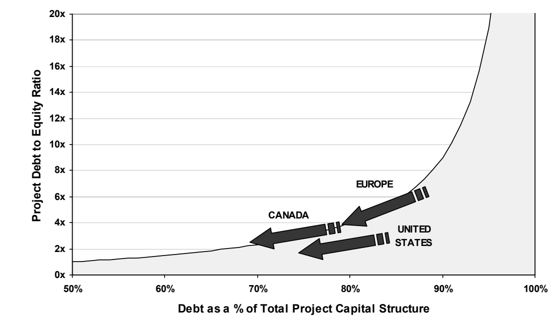
Financing Renewables in a Post-Credit Crunch World

Gone are the days of easy money for renewable power projects. **We see six financing-related trends emerging within the renewable power space**, as follows:

RENEWABLE POWER PROJECT CAPITAL STRUCTURES REQUIRE MORE EQUITY

With higher financing costs on projects with fixed economics, debt capacity has been reduced, resulting in an increase in equity requirements. In Canada, 80% debt and 20% equity capital structures are still possible for those projects that have economics reflecting today's higher capital costs (i.e., relatively higher PPA prices).

Exhibit 19: More Equity, Less Debt for IPP Projects



Source: Scotia Capital estimates.

Those projects that were awarded a PPA in the past one to two years and have yet to complete debt financing agreements are at the highest risk of requiring greater project equity. Higher financing costs yield lower project returns on an unchanged top line, as well as the need for a greater equity base. **In general we have seen some lenders require a move toward a 70%/30% debt/equity capital structure for these projects** (Exhibit 19).

DEBT FINANCING AVAILABILITY HAS DECLINED, BUT IS STILL AVAILABLE FOR QUALITY INFRASTRUCTURE PROJECTS

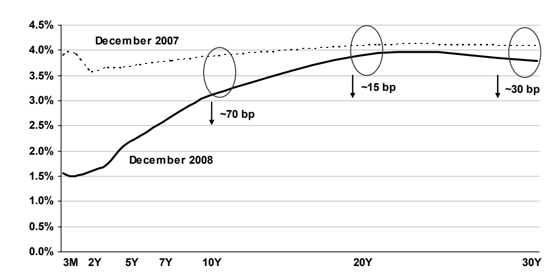
In general, we have seen some lenders require a move toward a 70%/30% debt/equity capital structure for renewable projects.

While many lenders have become materially more conservative with their lending practices, we continue to see **quality infrastructure** project debt financing deals close. However, those debt deals that have closed are typically based on projects that have **deep-pocketed** sponsors or are owned by IPPs with a **proven track record/relationship** with one of the lead lenders. In our opinion, companies that are looking for renewable project debt financing for the first time will likely not be able to obtain it until tight lending practices begin to loosen.

ONLY 10% OF WIDENED CREDIT SPREADS HAVE BEEN OFFSET BY FALLING REFERENCE RATES

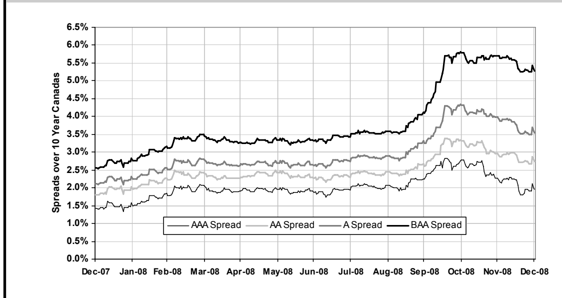
Since December 2007, yields on 30-year Canadas have declined by about 30 bp, compared with credit spreads that have increased by at least 300 bp for relatively weak issuers (Exhibits 20 and 21). **The decline in reference rates has only offset about 10% of the materially higher credit spreads required by lenders to debt finance renewable power projects.**

Exhibit 20: Government of Canada Yield Curve



Source: Bloomberg; Scotia Capital.

Exhibit 21: Credit Spreads Over Canadas



Source: Bloomberg; Scotia Capital.

Based on our discussions with several Canadian independent power producers, both public and private, debt financing deals during a project's construction period are typically being done at 7.5% to 8.0%. For the term-out period, we have seen a somewhat wider range of interest rates of 6.5% to 7.5%.

PROJECT DEBT REMAINS MORE FAVOURABLE TO IPPS THAN CORPORATE DEBT, BUT THE MARKET IS, FOR THE MOST PART, CLOSED

Many borrowers prefer to use project financing over corporate financing due to the following features: (1) cash flow separation and verifiability; (2) non-recourse; (3) highly structured with more stringent covenants; and (4) secured by the assets of the project. However, based on our discussions with several lenders, the **banks' power project market is virtually closed**. Accordingly, highly rated IPPs may find it easier to access credit through a corporate deal.

LOW SHARE PRICES WILL LIKELY DELAY COMPANIES RAISING PROJECT EQUITY

As many renewable power projects will now require the investment of more project equity than prior to the credit crunch, it is not unreasonable to assume that a slight pick-up in secondary equity offerings would occur. However, **we do not think this will be the case, at least through the first half of 2009.**

At current share prices, most project-related secondary equity offerings will become too earnings dilutive.

As average share prices within the renewable power space were down about 70% during 2008, **most project-related secondary equity offerings will become too earnings-dilutive** to justify. **We therefore expect some projects to be delayed** (where allowable under PPA and/or other contract terms) until equity prices make material progression towards pre-credit crunch levels. Also, we expect to see increased activity of private placements of equity to institutional investors.

GREEN BONDS ARE AN INCREASINGLY POPULAR IPP FINANCING ALTERNATIVE

Action Canada has proposed the creation of a **Canadian Green Bond**, "a government-backed financial instrument designed to engage the public by raising capital to accelerate renewable energy projects". In principal, the Green Bond would be similar to a Canada Savings Bond, but the **funds raised from Green Bond issues would provide low-cost debt capital to utility-scale producers of renewable energy.** The authors believe this program could reduce greenhouse gas emissions (GHGs) by an incremental 25 megatonnes per year of CO_{2e}, and would cost the Canadian government between \$1/tonne CO_2 and \$13/tonne CO_2, depending on loan default rates.

In 2007, the European Investment Bank, the financial arm of the European Union, issued a **Climate Awareness Bond** to finance a substantial amount of European renewable energy projects. In essence, the (capital protected) bond's performance is linked to a FTSE equity index that tracks "green" stocks. Should the equity-linked index return be lower than 5% at the time of the bond's maturity, then a minimum amount of 5% will be paid at maturity. Between €600 million and €1 billion was raised through the offering. The FTSE Environmental Leaders Index has dropped by more than 50% in 2008.

Included in the United States' US$700 billion bailout package was a US$800 million extension of its **Clean Renewable Energy Bonds** (CREBs). CREBs are used to finance facilities that generate renewable electricity from wind, closed-loop biomass, open-loop biomass, marine, solar, small hydro, landfill gas, and from geothermal technologies. The bonds are effectively tax-credit bonds that offer issuers the equivalent of an interest-free loan for financing qualified renewable energy projects.

Testing the Consolidation Theme…

Large utilities and private equity players that still have the ability to access bank credit, or have uncommitted cash on their balance sheets, are likely candidates to begin buying up renewable power projects from cash-strapped developers.

Both Boralex and Canadian Hydro Developers are trading at significant discounts to their book values.

With the recent decline of share prices within the renewable power space, we see several **attractively priced** independent power producers that could be prime acquisition targets. Canadian Hydro Developers and Boralex, each rated 1-Sector Outperform, are not only our top investment picks, but are also likely both M&A targets as well. **Why?** Both companies have: (1) a decent amount of cash on hand; (2) between 350 MW and 500 MW of operating assets; (3) positive cash flow generation; (4) geographical diversification; (5) well-funded growth plans through 2012; and (6) share prices trading at discounts to their book values.

- Boralex is currently trading at 0.5x both our risked NAV and our risked DCF, at an 11.3% discount to its book value per share of $8.51, and at EV multiples of 5.1x and 4.5x our 2009E and 2010E EBITDA estimates.
- Canadian Hydro Developers is currently trading at 0.4x both our risked NAV and our risked DCF, at a 13.1% discount to its book value per share of $3.43, and at EV multiples of 10.3x and 8.6x our 2009E and 2010E EBITDA estimates.

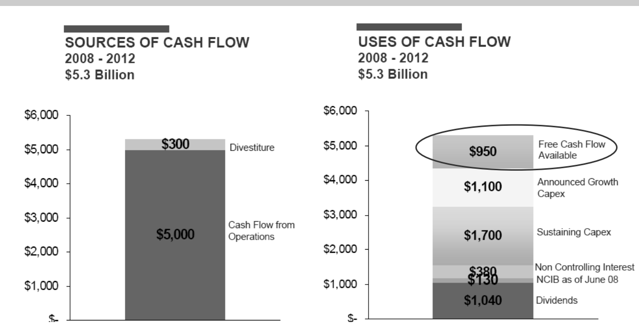
We ran eight M&A scenarios to look for potentially earnings accretive consolidation opportunities. On average, each transaction we modelled included a ~30% premium offered to the target's December 31, 2008, closing share price. Exhibit 22 lists the M&A scenarios we tested.

Exhibit 22: Potential Consolidation Scenarios in the Canadian Renewable Power Space

Acquirer	Target	Target Price	Premium	Consideration	Rationale
Canadian Hydro Developers	Boralex	$9.83	30.3%	Paper swap	Only two intermediate IPPs
Boralex	Canadian Hydro Developers	$3.89	30.5%	Paper swap	Only two intermediate IPPs
Boralex	Innergex	$5.29	32.1%	Paper swap	French connection, ex BLX at INE
Brookfield Asset Management	Canadian Hydro Developers	$3.90	30.9%	All cash	Build renewables portfolio
Brookfield Asset Management	Boralex	$10.00	32.5%	All cash	Build renewables portfolio
TransAlta	Canadian Hydro Developers	$3.90	30.9%	All cash	Alberta assets important to TA
TransAlta	Pristine Power	$2.60	30.0%	All cash	Potential synergies
TransAlta	Boralex	$10.00	32.5%	All cash	Potential synergies

Source: Scotia Capital estimates.

Exhibit 23: TransAlta Has ~$1 Billion Available Through 2012



Source: TransAlta.

Due to the scarcity of cash/credit, we modelled acquisitions by both Canadian Hydro Developers and Boralex using the acquirer's shares (i.e., a paper swap). For Brookfield Asset Management (S&P "A-/Stable" credit rating) we used cash. We also used cash for TransAlta (S&P "BBB/Stable" credit rating), as the company estimates it will generate about $950 million in "available" free cash flow **post-capex plans through 2012** (Exhibit 23).

THEORETICAL CONSOLIDATION RESULTS ARE MIXED

Many of the acquisition scenarios we tested using both TransAlta and Brookfield Asset Management as an acquirer seem to make sense, both strategically and financially.

One of the most interesting consolidation scenarios we modelled was the purchase of Boralex by TransAlta.

In particular, one of the most interesting transactions we modelled was the purchase of Boralex by TransAlta. Earnings and cash flow per share accretion of between 8% and 11% would be immediate to TransAlta. While TransAlta may have more interest in Canadian Hydro Developers' Alberta assets/pipeline (i.e., Dunvegan) than Boralex's portfolio, we believe that Boralex is very attractively priced right now, even relative to Canadian Hydro Developers.

Exhibit 24 summarizes the results of the seven transactions we looked at, while Appendix 1 shows the specific acquisition transaction details we modelled.

Exhibit 24: Summary Table of Potential Consolidation Scenarios

	Potential Accretion/(Dilution) to Acquirer Using ~30% Premium							
Acquirer	KHD	BLX	BLX	BAM	BAM	TA	TA	TA
Target	BLX	KHD	INE	KHD	BLX	KHD	PPX	BLX
EPS 2009E - FD	9.0%	-33.4%	-29.3%	5.3%	5.6%	8.2%	-1.8%	8.6%
EPS 2010E - FD	6.4%	-31.8%	-13.6%	5.3%	5.3%	8.4%	-1.6%	8.4%
EPS 2011E - FD	-2.3%	-25.1%	-10.5%	-	-	13.7%	-0.2%	11.4%
P/E 2009E	-8.2%	50.2%	41.4%	-5.0%	-5.3%	-7.6%	1.8%	-7.9%
P/E 2010E	-6.0%	46.7%	15.8%	-5.0%	-5.0%	-7.8%	1.7%	-7.8%
P/E 2011E	2.4%	33.5%	11.7%	-	-	-12.0%	0.2%	-10.2%
CFPS 2009E - Basic	3.5%	-30.8%	-24.2%	5.8%	5.0%	8.8%	-0.5%	7.7%
CFPS 2010E - Basic	-0.4%	-27.5%	-12.6%	6.9%	5.5%	10.5%	-0.2%	8.4%
CFPS 2011E - Basic	-4.3%	-23.6%	-9.2%	-	-	12.2%	1.0%	8.9%
P/CF 2009E	-3.4%	44.6%	32.0%	-5.5%	-4.8%	-8.1%	0.5%	-7.1%
P/CF 2010E	0.5%	37.9%	14.4%	-6.4%	-5.2%	-9.5%	0.2%	-7.8%
P/CF 2011E	4.5%	30.9%	10.2%	-	-	-10.9%	-1.0%	-8.2%
EV Q3 2008E (M)	41.9%	326.7%	56.1%	2.9%	1.2%	16.2%	1.9%	6.4%
EBITDA 2009E (M)	70.2%	142.5%	18.4%	3.3%	2.3%	10.1%	-0.3%	7.1%
EBITDA 20010E (M)	66.1%	151.4%	38.7%	2.4%	1.6%	11.8%	0.0%	7.8%
EV/EBITDA 2009E (M)	-16.6%	76.0%	31.8%	-0.3%	-1.1%	5.6%	2.2%	-0.6%
EV/EBITDA 2010E (M)	-14.5%	69.8%	12.6%	0.5%	-0.4%	4.0%	1.9%	-1.3%
Total Debt Q3 2008 (M)	23.0%	434.6%	61.2%	3.9%	1.7%	43.7%	6.1%	18.8%
Total Debt 2009E (M)	22.3%	447.9%	93.9%	4.1%	1.7%	54.2%	6.7%	21.9%
Shareholders' Equity 2009E (M)	67.4%	148.4%	64.0%	3.5%	2.4%	19.2%	1.9%	13.0%
Shareholders' Equity 2010E (M)	68.9%	145.2%	73.4%	3.8%	2.6%	20.4%	1.7%	14.1%
Total Debt/(Total Debt + Equity) Q3 2008	-13.3%	57.7%	-1.2%	0.1%	-0.2%	9.0%	1.9%	2.4%
Total Debt/(Total Debt + Equity) 2009E	-13.0%	58.4%	7.6%	0.1%	-0.3%	12.6%	2.5%	3.4%

Source: Scotia Capital estimates.

RUN OF RIVER POWER ON THE BLOCK?

In our opinion, Run of River Power (ROR-V), recently priced at 5.5¢ per share, or at a market capitalization of slightly under $4 million, is an **easy and inexpensive** acquisition target for larger independent power producers such as Boralex, Canadian Hydro Developers, and Innergex.

Run of River Power has a 500+ MW development pipeline of projects. Additionally, Run of River Power submitted its Mamquam (35 MW) and Upper Pitt River (155 MW) power projects into the current BC Hydro Clean Power Call. Exhibit 25 shows Run of River Power's development portfolio.

Exhibit 25: Run of River Power's Development Portfolio

Project	Location	Status	Gross Capacity	Ownership Interest	Estimated Generation	Capacity Factor	Power Purchaser	PPA Expiry
			(MW)	(%)	(GWh/y)	(%)		
Run-of-River								
Brandywine Creek	B.C.	Operational (May 2005)	7.6	100%	40	60%	BC Hydro	2021
Crawford Creek	B.C.	Development	7.0	100%	30	49%		
Raffuse Creek	B.C.	Development	9.9	100%	37	42%		
Skookum Creek	B.C.	Development	16.0	100%	70	50%		
Boise Creek	B.C.	Development	30.0	100%	86	33%		
Bucklin Creek	B.C.	Development	38.0	100%	107	32%		
Corbold Creek	B.C.	Development	36.0	100%	137	43%		
Homer Creek	B.C.	Development	15.0	100%	42	32%		
Pinecone Creek	B.C.	Development	29.0	100%	88	35%		
Shale Creek	B.C.	Development	15.0	100%	52	40%		
Steve Creek	B.C.	Development	16.0	100%	45	32%		
Klinaklini Cluster	B.C.	Development	184.0	100%	591	37%		
Mosley Cluster	B.C.	Development	96.0	100%	309	37%		
Dewdney Dreek	B.C.	Future Development	6.0	100%	28	53%		
Gott Creek	B.C.	Future Development	10.0	100%	53	61%		
			515.5		**1,715**	**42%**		
Biomass								
Tsilhqot'in	B.C.	Development	60.0	80%	420	80%		
Suskwa	B.C.	Development	-	80%	-	-		
			60.0		**420**	**80%**		
			575.5		**2,135**	**42%**		

Source: Run of River Power; Scotia Capital.

Kick-Start 2009 with Free Development Pipelines

We remain comfortable with our operating wind farm NAV value of $0.82 million per GWh/year.

The current unpredictable and highly volatile market environment demands that equity investors be **selective** when choosing among Canadian renewable power investments. Particularly, we suggest the following criteria are required for a prudent investment in the space: (1) operating assets in the ground; (2) the generation of positive cash flow from operating activities; (3) well-funded growth plans; and (4) geographic diversification. **Within our coverage universe, Boralex and Canadian Hydro Developers are the only renewable power companies that meet each of these criteria. We rate both companies 1-Sector Outperform.**

BABCOCK & BROWN WIND ASSET SALE SUPPORTS OUR NAVS

In November 2008, Babcock & Brown announced the sale of 515 MW of its operating wind farms and a further 156 MW of wind farms under construction. The sale was completed for €1.15 billion, or about US$1.45 billion.

We had been slightly concerned that using a NAV of US$0.82 million per GWh/year for operating wind assets in a post-credit crunch world may have overstated near-term transaction values for recently constructed wind assets. We have used this rule-of-thumb metric since launching coverage of the sector in August 2008…but much has changed since then. We consistently give 100% value for operating assets, 90% value for construction assets, and lower weights for lesser-developed assets.

Applying our NAV formula to the transaction results in an implied price of US$1.46 billion – nearly identical to the actual transaction value of US$1.45 billion. **Based on the Babcock & Brown transaction, we remain comfortable with our wind power NAV calculations within our coverage universe.**

BUY THE OPERATING ASSETS AT A DISCOUNT, GET THE PIPELINE FOR FREE

To highlight the opportunities that investments in Boralex and Canadian Hydro Developers currently offer, we have valued both companies' operating assets only, and have assumed that all future development projects are either shelved or cancelled entirely.

We believe that both companies are currently trading at a steep discount to the values of their respective operating assets.

Boralex's Operating Assets; DCF Approach → $12.50 per Share

We believe both Boralex and Canadian Hydro Developers are trading at steep discounts to their operating assets only.

In our view, Boralex's recent share price of $7.55 implies a ~**40% discount to the value of its operating assets.** To arrive at our operating asset value within our discounted cash flow model, we gave $0 value for: (1) Boralex's Gengrowth II and III projects, its prospects in B.C.; and (2) its signed PPA Seigneurie de Beaupre wind projects in Quebec. Additionally, we conservatively assumed Boralex's interest in Boralex Power Income Fund was worth $1.40/Boralex share, down from our forecast $2.07/Boralex share. We also shaved our forward Connecticut REC price forecast by US$10/REC, and gave no value for its small solar investment in Spain. Finally, we assumed merchant power prices in the U.S. northeast average US$65/MWh + CPI going forward. We did give 50% value for its 40 MW Gengrowth I wind farm in Ontario, down from 90% used in setting our current target price, which is due online at the end of Q1/09.

Boralex's Operating Assets; NAV Approach → $12.06 per Share

For our net asset value calculation, and similar to our DCF test, we assigned $0 value for all projects that are not operating, with the exception of Gengrowth I (40 MW), for which we gave $0.41 million per GWh/year, or a 50% probability of success from our rule-of-thumb metric of $0.82 million per GWh/year. We also lowered our multiple of booked RECs to 1x from 1.5x used in setting our target price. Lastly, we reduced Boralex's Stacyville plant to $0/share from $0.48/share to reflect the uncertainty of the plant's ability to remain economically viable at sub-US$100/bbl oil. The result of our NAV calculation results in an operating asset value of about $12 per share.

This "test" highlights our conservatism in using a $14.50 per share one-year target, compared to the average consensus target price of nearly $16 per share. Boralex is currently trading at 5.1x 2009E EBITDA and 4.5x 2010E EBITDA. Additionally, Boralex is trading at an 11% discount to its book value per share of $8.51. Exhibits 26 and 27 summarize our operating asset valuation work for Boralex.

Canadian Hydro Developers' Operating Assets; DCF Approach → $5.15 per Share

Based on our valuation work, Canadian Hydro Developers' December 31, 2008, share price of $2.98 implies **about a 40% discount to the DCF-based value of its operating assets only.** Our discounted cash flow approach yielded an operating asset value of about $5.15 per share, which assumes that Wolfe Island is commissioned by the end of Q2/09 (Exhibit 28). We gave 90% credit for KHD's 197.8 MW Wolfe Island wind farm, as the project is mostly constructed and financing is complete. We reduced our probabilities of success for all Q4/10 projects due online to 0%, including Bone Creek (18 MW), Clemina Creek (11 MW), Serpentine Creek (10 MW), English Creek (5 MW), and Yellow Falls (8 MW). We also eliminated KHD's 18 MW Royal Road project as well as our 10% probability for its 100 MW Dunvegan hydro project in Alberta.

Canadian Hydro Developers' Operating Assets; NAV Approach → $5.00 per Share

Using our net asset value approach, we calculate an **operating asset value of $5.00 per share** – again giving 90% credit for Wolfe Island (Exhibit 28) and 0% for all other development projects. Our one-year target price of $6.50 per share gives little value for Canadian Hydro Developers' development pipeline.

Canadian Hydro Developers is currently trading at 10.3x 2009E EBITDA and at 8.6x 2010E EBITDA. **In our opinion, KHD should trade at a slight premium to Boralex due to its relatively lower exposure to commodity prices.** Canadian Hydro Developers is trading at a 13% discount to its book value per share of $3.43.

Exhibit 26: Boralex – DCF of Operating Assets Only, About $12.50 per Share

Project	Gross Capacity (MW)	Effective Capacity (MW)	Capacity Factor (%)	DCF ($/share)	Prob. of Success (%)	Adjusted DCF ($/share)	Comments
East Angus	2.2	1.1	39%	$0.02	100%	$0.02	
Huntingville	0.3	0.3	38%	$0.01	100%	$0.01	
La Rochette	1.0	0.5	34%	$0.02	100%	$0.02	
Fourth Branch	3.1	3.1	52%	$0.08	100%	$0.08	
Middle Falls	2.3	2.3	51%	$0.08	100%	$0.08	
NY State Dam	11.4	11.4	48%	$0.26	100%	$0.26	
Sissonville	3.0	3.0	51%	$0.08	100%	$0.08	
Warrensburg	2.9	2.9	43%	$0.05	100%	$0.05	
Ocean Falls	14.5	14.5	10%	$0.10	100%	$0.10	
BC Prospects	10.0	10.0	~45%	$0.27	0%	$0.00	
Ashland	40.0	40.0	72%	$1.68	100%	$1.68	
Chateaugay	20.0	20.0	76%	$0.94	100%	$0.94	
Fort Fairfield	36.0	36.0	75%	$1.58	100%	$1.58	
Livermore Falls	40.0	40.0	63%	$1.28	100%	$1.28	
Stacyville	18.0	18.0	79%	$0.34	0%	$0.00	
Stratton	50.0	50.0	75%	$2.20	100%	$2.20	
Avignonet-Lauragais I	8.0	8.0	26%	$0.17	100%	$0.17	
Avignonet-Lauragais II	5.0	5.0	26%	$0.10	100%	$0.10	
Chepy	4.0	3.4	20%	$0.03	100%	$0.03	
Nibas	12.0	11.4	21%	$0.13	100%	$0.13	
Ally-Mercoeur	39.0	39.0	23%	$0.59	100%	$0.59	
Cham de Cham Longe	18.0	18.0	38%	$0.78	100%	$0.78	
Plouguin	8.0	8.0	31%	$0.25	100%	$0.25	
La Citadelle	14.0	14.0	27%	$0.32	100%	$0.32	
Blendecques	14.0	14.0	73%	$0.37	100%	$0.37	
Seigneurie de Beaupre	272.0	136.0	~36%	$3.22	0%	$0.00	Received Hydro-Quebec PPA in May/08.
Gengrowth I	40.0	40.0	~30%	$0.84	0%	$0.00	Commissioning expected in Q2/09
Gengrowth II	50.0	50.0	~30%	$1.06	0%	$0.00	Commissioning expected in 2010.
Gengrowth III	100.0	100.0	~30%	$1.81	0%	$0.00	
Interest in BPT				$2.07	100%	$1.40	Taken from NAV.
	738.7	**599.9**				**$12.50**	

Source: Scotia Capital estimates.

Exhibit 27: Boralex – Net Asset Value of Operating Assets Only, About $12.06 per Share

	Project Status	Financing Status	Unrisked Net Generation		Asset Value (Risked)	NAV ($M)	NAVPS (diluted)	NAVPS (%)
Hydro Assets								
East Angus	1	1	4 GWh/y	@	$1.00M / GWh/y	$3.8	$0.10	0.8%
Huntingville	1	1	1 GWh/y	@	$1.00M / GWh/y	$1.0	$0.03	0.2%
La Rochette	1	1	2 GWh/y	@	$1.00M / GWh/y	$1.5	$0.04	0.3%
Fourth Branch	1	1	14 GWh/y	@	$1.00M / GWh/y	$14.0	$0.36	3.0%
Middle Falls	1	1	10 GWh/y	@	$1.00M / GWh/y	$10.2	$0.26	2.2%
NY State Dam	1	1	48 GWh/y	@	$1.00M / GWh/y	$48.4	$1.25	10.4%
Sissonville	1	1	13 GWh/y	@	$1.00M / GWh/y	$13.3	$0.34	2.8%
Warrensburg	1	1	11 GWh/y	@	$1.00M / GWh/y	$10.9	$0.28	2.3%
Ocean Falls	1	1	13 GWh/y	@	$1.00M / GWh/y	$13.0	$0.33	2.8%
BC Prospects	6	4	39 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
			155 GWh/y			**$116.0**	**$3.00**	**24.8%**
Wood-Residue Assets								
Ashland	1	1	251 GWh/y	@	$0.10M / GWh/y	$25.0	$0.65	5.3%
Chateaugay	1	1	133 GWh/y	@	$0.10M / GWh/y	$13.2	$0.34	2.8%
Fort Fairfield	1	1	237 GWh/y	@	$0.10M / GWh/y	$23.6	$0.61	5.1%
Livermore Falls	1	1	220 GWh/y	@	$0.10M / GWh/y	$21.9	$0.57	4.7%
Stacyville	1	1	125 GWh/y	@	$0.10M / GWh/y	$12.4	$0.32	2.7%
Stratton	1	1	330 GWh/y	@	$0.10M / GWh/y	$32.8	$0.85	7.0%
			1,296 GWh/y			**$129.0**	**$3.33**	**27.6%**
Wind Assets								
Avignonet-Lauragais I	1	1	18 GWh/y	@	$0.82M / GWh/y	$15.1	$0.39	3.2%
Avignonet-Lauragais II	1	1	12 GWh/y	@	$0.82M / GWh/y	$9.4	$0.24	2.0%
Chepy	1	1	6 GWh/y	@	$0.82M / GWh/y	$4.9	$0.13	1.0%
Nibas	1	1	21 GWh/y	@	$0.82M / GWh/y	$17.1	$0.44	3.7%
Ally-Mercoeur	1	1	78 GWh/y	@	$0.82M / GWh/y	$64.0	$1.65	13.7%
Cham de Cham Longe	1	1	60 GWh/y	@	$0.82M / GWh/y	$49.1	$1.27	10.5%
Plouguin	1	1	22 GWh/y	@	$0.82M / GWh/y	$18.0	$0.47	3.9%
La Citadelle	1	1	33 GWh/y	@	$0.82M / GWh/y	$27.1	$0.70	5.8%
Seigneurie de Beaupre	6	4	429 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
Gengrowth I	6	4	105 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
Gengrowth II	6	4	131 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
Gengrowth III	6	4	263 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
			1,178 GWh/y			**$204.8**	**$5.29**	**43.9%**
Cogen Assets								
Blendecques	1	1	39 GWh/y	@	$0.15M / GWh/y	$5.8	$0.15	1.2%
			39 GWh/y			**$5.8**	**$0.15**	**1.2%**
Investments								
BPT Ownership			13.8M units	@	$4.00 / unit	$55.2	$1.43	11.8%
Less: capital gains tax						($8.6)	-$0.22	-1.8%
BPT Fees (net EBITDA)			$1.25M	@	6.0x	$7.5	$0.19	1.6%
Solar (Spain)						$1.5	$0.04	0.3%
						$55.6	**$1.44**	**11.9%**

	NAV ($M)	NAVPS (diluted)	NAVPS (%)
Green Attributes			
U.S. Production Tax Credit	$11.5	$0.30	2.5%
RECs (1.5x booked)	$37.0	$0.96	7.9%
CO_2 Quota through 2012	$12.0	$0.31	2.6%
Forward Capacity Premiums	$12.1	$0.31	2.6%
	$72.6	**$1.88**	**15.5%**
Working Capital			
Current Assets (Q3/08A)	$113.6	$2.93	24.3%
Current Liabilities (Q3/08A)	($46.4)	($1.20)	-9.9%
	$67.2	**$1.74**	**14.4%**
Liabilities			
Est. Long-term debt post financing	($184.1)	($4.76)	-39.4%
	($184.1)	**($4.76)**	**-39.4%**
Net Asset Value	**$466.92**	**$12.06**	**100%**
Est. FD Shares O/S post any equity financing (M)	**38.7**		

1. We assume a stable capital structure of 80% debt & 20% equity.
2. Project Probability Status: 1. Operating - 100%; 2. Construction - 90%; 3. Permitting & PPA - 50%; 4. Permitting or PPA - 25%; 5. Some Development - 10%; 6. Pipeline - 0%.
3. Financing Status: (1) Full financing in place; (2) Debt drawn, equity required; (3) Equity in place, debt draw required; (4) Equity & debt draw required.

Source: Scotia Capital estimates.

Exhibit 28: Canadian Hydro Developers – DCF of Operating Assets Only, About $5.15 per Share

Project	Gross Capacity	Effective Capacity	Capacity Factor	DCF	Prob. of Success	Adjusted DCF	Comments
	(MW)	(MW)	(%)	($/share)	(%)	($/share)	
Belly River	3	3	46%	$0.04	100%	$0.04	
Waterton	3	3	51%	$0.04	100%	$0.04	
St. Mary	2	2	63%	$0.04	100%	$0.04	
Taylor (hydro)	13	7	39%	$0.08	100%	$0.08	
Akolkolex	10	10	60%	$0.14	100%	$0.14	
Pingston	45	23	45%	$0.29	100%	$0.29	
Upper Mamquam	25	25	45%	$0.32	100%	$0.32	
Ragged Chute	7	7	62%	$0.10	100%	$0.10	
Moose Rapids	1	1	50%	$0.02	100%	$0.02	
Appleton	1	1	54%	$0.02	100%	$0.02	
Galetta	2	2	56%	$0.02	100%	$0.02	
Misema	3	3	47%	$0.05	100%	$0.05	
Bone Creek	18	18	46%	$0.17	0%	$0.00	Construction risk remains.
Clemina Creek	11	11	34%	$0.06	0%	$0.00	Construction risk remains.
Serpentine Creek	10	10	40%	$0.08	0%	$0.00	Construction risk remains.
English Creek	5	5	46%	$0.05	0%	$0.00	Construction risk remains.
Island Falls	20	10	53%	$0.12	0%	$0.00	Permitting and financing incomplete.
Dunvegan	100	100	68%	$1.01	0%	$0.00	Recently approved by review panel
(Hydro various)	260	260	~45%	$2.12	0%	$0.00	
Cowley Ridge	21	21	29%	$0.18	100%	$0.18	
Cowley North	20	20	28%	$0.15	100%	$0.15	
Sinnot	7	7	27%	$0.05	100%	$0.05	
Taylor (wind)	3	3	22%	$0.02	100%	$0.02	
Soderglen	71	35	39%	$0.45	100%	$0.45	
Melancthon I	68	68	33%	$0.90	100%	$0.90	
Le Nordais	99	99	19%	$0.58	100%	$0.58	
Melancthon II	132	132	30%	$0.75	100%	$0.75	
Wolfe Island	198	198	34%	$1.11	50%	$0.55	Expected online no later than March 2009.
Royal Road	18	18	30%	$0.14	0%	$0.00	Permitting and financing incomplete.
New Richmond	66	66	31%	$0.20	0%	$0.00	PPA secured in Hydro-Quebec 2,000 MW RFP.
St. Valentin	50	50	33%	$0.14	0%	$0.00	PPA secured in Hydro-Quebec 2,000 MW RFP.
(AB wind various)	100	75	~30%	$0.12	0%	$0.00	Nothing announced.
(MB wind various)	1,000	1,000	~30%	$4.29	0%	$0.00	Nothing announced.
(ON wind various)	127	127	~30%	$0.79	0%	$0.00	34 MW bid into RES III
Grande Prairie	25	25	74%	$0.36	100%	$0.36	
	2,542	**2,443**				**$5.15**	

Source: Scotia Capital estimates.

Exhibit 29: Canadian Hydro Developers – Net Asset Value of Operating Assets Only, About $5.00 per Share

	Project Status	Financing Status	Unrisked Net Capacity		Value	NAV ($M)	NAVPS (diluted)	(%)
Hydro Assets								
Belly River	1	1	12 GWh/y	@	$1.00M / GWh/y	$12.0	$0.08	1.6%
Waterton	1	1	12 GWh/y	@	$1.00M / GWh/y	$12.4	$0.08	1.6%
St. Mary	1	1	13 GWh/y	@	$1.00M / GWh/y	$12.6	$0.08	1.6%
Taylor (hydro)	1	1	22 GWh/y	@	$1.00M / GWh/y	$22.1	$0.14	2.9%
Akolkolex	1	1	53 GWh/y	@	$1.00M / GWh/y	$52.7	$0.34	6.9%
Pingston	1	1	89 GWh/y	@	$1.00M / GWh/y	$89.0	$0.58	11.6%
Upper Mamquam	1	1	98 GWh/y	@	$1.00M / GWh/y	$98.2	$0.64	12.8%
Ragged Chute	1	1	36 GWh/y	@	$1.00M / GWh/y	$36.1	$0.24	4.7%
Moose Rapids	1	1	6 GWh/y	@	$1.00M / GWh/y	$5.7	$0.04	0.7%
Appleton	1	1	7 GWh/y	@	$1.00M / GWh/y	$6.6	$0.04	0.9%
Galetta	1	1	8 GWh/y	@	$1.00M / GWh/y	$7.9	$0.05	1.0%
Misema	1	1	13 GWh/y	@	$1.00M / GWh/y	$13.3	$0.09	1.7%
Bone Creek	6	4	73 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
Clemina Creek	6	4	33 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
Serpentine Creek	6	4	34 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
English Creek	6	4	20 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
Island Falls	6	4	47 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
Dunvegan	6	4	600 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
(Hydro various)	6	4	1,025 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
			2,200 GWh/y			**$368.6**	**$2.41**	**48.1%**
Biomass Assets								
Grande Prairie	1	1	163 GWh/y	@	$0.25M / GWh/y	$40.7	$0.27	5.3%
			163 GWh/y			**$40.7**	**$0.27**	**5.3%**
Wind Assets								
Cowley Ridge	1	1	55 GWh/y	@	$0.82M / GWh/y	$45.1	$0.29	5.9%
Cowley North	1	1	48 GWh/y	@	$0.82M / GWh/y	$39.0	$0.25	5.1%
Sinnot	1	1	15 GWh/y	@	$0.82M / GWh/y	$12.6	$0.08	1.6%
Taylor (wind)	1	1	7 GWh/y	@	$0.82M / GWh/y	$5.4	$0.04	0.7%
Soderglen	1	1	120 GWh/y	@	$0.82M / GWh/y	$98.2	$0.64	12.8%
Melancthon I	1	1	195 GWh/y	@	$0.82M / GWh/y	$159.7	$1.04	20.9%
Le Nordais	1	1	165 GWh/y	@	$0.82M / GWh/y	$135.3	$0.88	17.7%
Melancthon II	1	1	351 GWh/y	@	$0.82M / GWh/y	$287.5	$1.88	37.6%
Wolfe Island	3	3	593 GWh/y	@	$0.41M / GWh/y	$243.3	$1.59	31.8%
Royal Road	6	4	47 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
St. Valentin	6	4	144 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
New Richmond	6	4	179 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
(AB wind various)	6	4	197 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
(ON wind various)	6	4	334 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
(MB wind various)	6	4	2,628 GWh/y	@	$0.00M / GWh/y	$0.0	$0.00	0.0%
			5,077 GWh/y			**$1,026.3**	**$6.70**	**134.0%**

	NAV ($M)	NAVPS (diluted)	(%)
Green Attributes			
Risk-adjusted NPV of RECs	$0.0	$0.00	0.0%
	$0.0	**$0.00**	**0.0%**
Working Capital			
Current Assets (Q3/08A)	$60.1	$0.39	7.9%
Current Liabilities (Q3/08A)	($42.5)	($0.28)	-5.6%
	$17.6	**$0.12**	**2.3%**
Liabilities			
Project status risk-adjusted LTD	($687.5)	($4.49)	-89.8%
	($687.5)	($4.49)	**-89.8%**
Net Asset Value	**$765.6**	**$5.00**	**100%**
Project-status risk-adjusted FD shares (M)		153.1	

1. We assume a stable capital structure of 65% debt & 35% equity.
2. Project Probability Status: 1. Operating - 100%; 2. Construction - 90%; 3. Permitting & PPA - 50%; 4. Permitting or PPA - 25%; 5. Some Development - 10%; 6. Pipeline - 0%.
3. Financing Status: (1) Full financing in place; (2) Debt draw n, equity required; (3) Equity in place, debt draw required; (4) Equity & debt draw required.

Source: Scotia Capital estimates.

Obama's Challenge – Two Birds, One Stone

U.S. President-elect Barack Obama's platform on energy and the environment requires a massive investment of taxpayer dollars, all to implement a path toward greater U.S. energy security and independence – a policy that has become less pressing with oil prices in the US$40/bbl area compared with US$147/bbl reached during mid-2008. **With the U.S. economy now in an official recession, we believe that Obama's climate change and clean energy agendas must be integrated into his plans to heal the U.S. economy.**

We think the United States will create a federal renewable portfolio standard that requires 10% renewable power by 2012 well before introducing a federal cap-and-trade scheme. Why? The implementation of a cap-and-trade system requires significant planning, the introduction of new regulations/laws, and, most importantly, is costly to monitor. Conversely, introducing a national renewable portfolio standard is a nearly cost-free way for a new federal administration to make good on some of its platform promises. **One concern that we have with a national cap-and-trade program is the likely reluctance of Congress to create a new tradable commodity within a financial market system that is already considered poorly regulated.**

In our opinion, the introduction of a U.S. federal cap-and-trade program will drive investment dollars into low carbon technology development. Additionally, the implementation of a federal renewable portfolio standard with long-term and achievable targets would provide the necessary confidence for alternative energy developers and manufacturers to invest in expansion projects. Vestas Wind Systems' CEO, Ditlev Engel, stated that the company would invest more in the United States if renewable energy targets were increased.

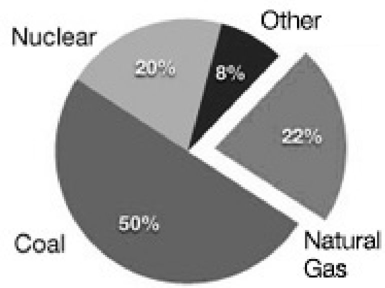
According to the Center for American Progress Action Fund, **a US$100 billion investment in clean energy policies could create up to 2 million jobs,** and should therefore be "a central element in an economic stimulus and recovery package."

Select portions of Obama's energy plan are highlighted below:

- **Climate Change** → Implement a national cap-and-trade program to reduce greenhouse gas emissions by 80% below 1990 levels by 2050. All potential pollution credits would be auctioned, with the proceeds going to: (1) the development of clean energy and energy efficiency improvements; (2) the development of next-generation biofuels; and (3) state and federal wildlife managers to restore habitat. All remaining receipts would be used for rebates to help American consumers transition toward a carbon-light economy.
- **Clean Energy** → A US$150 billion investment is planned over a 10-year period that would commercialize plug-in hybrid vehicles, further develop utility-scale renewable energy sources, and invest in clean coal technologies. Up to 5 million "green collar" jobs would be created under the plan.
- **Fuel-Efficient Vehicles** → Increase fuel economy standards by 4% per year while protecting the financial future of domestic auto manufacturers through US$4 billion of retooling tax credits and loan guarantees. A US$7,000 tax credit would be offered for the purchase of advanced-technology vehicles.
- **Domestic Energy** → While the Obama administration does not believe that the United States can drill its way toward energy security, it does recognize that new U.S. oil and gas production plays an integral role in future U.S. energy policy. Specifically, Obama seeks to: (1) promote the domestic production of oil and natural gas, some of which would come from unconventional sources; (2) prioritize the construction of the Alaska Natural Gas Pipeline; and (3) develop and utilize enhanced oil recovery techniques using carbon dioxide.
- **Renewable Power** → A federal 10% renewable portfolio standard would be required by 2012. The U.S. Production Tax Credit would be extended for five years to encourage renewable energy investment. Nuclear power and clean coal technology would also be part of the mix.

WHAT ABOUT T. BOONE PICKENS' SOLUTION?

Exhibit 30: U.S. Power Generation



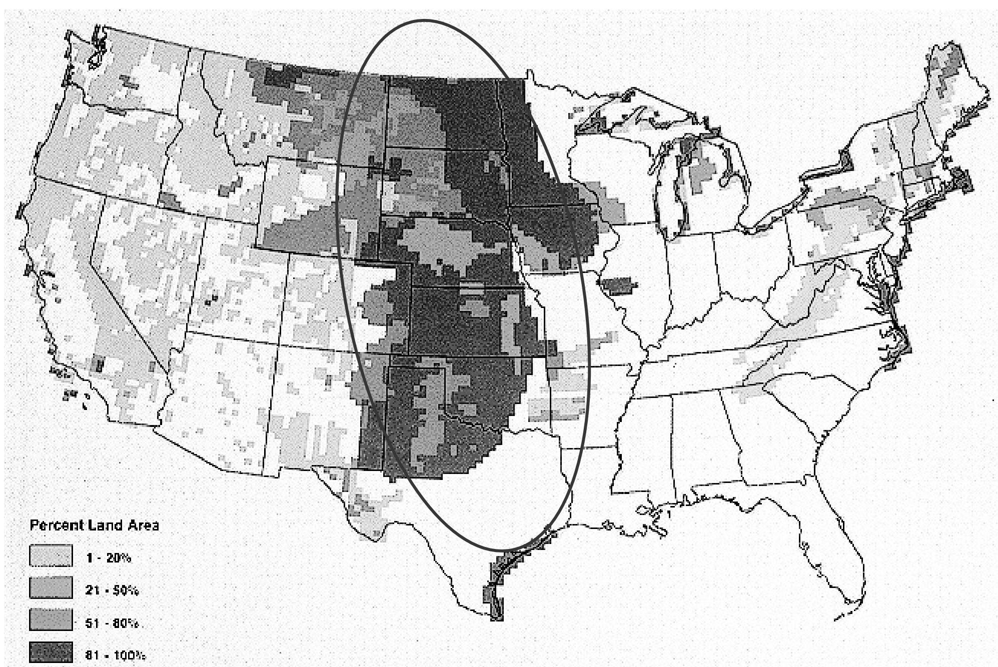
Source: www.pickensplan.com

Oil tycoon T. Boone Pickens has developed a plan to help the United States ease its addiction to energy imports from the Middle East and Venezuela. Essentially, almost all natural gas that is used in electricity generation would be replaced with wind power. The freed-up natural gas would then be used to replace diesel fuel in 18-wheel tractor-trailers. Pickens estimates that **converting the U.S. truck fleet to natural gas could reduce U.S. energy imports by up to 38%.** Exhibit 30 shows the current sources of U.S. electricity generation.

Pickens' plan could reduce U.S. energy imports by up to 38%.

To implement the US$1 trillion plan, plus US$200 billion more for transmission build-out, a wind power corridor would be created in the U.S. Midwest (Exhibit 31). While the cost of the scheme may seem high, consider that the United States spends over US$700 billion annually on foreign oil, so the payback period is actually quite short. The investment in rural America would lead to economic development and job creation, precisely what the United States desperately needs. Pickens believes his plan can be financed privately, and already has financial support from Warren Buffett. **Opponents of Pickens' plan believe energy costs to consumers would be increased under the plan.**

Exhibit 31: Percentage of Land Area to have a Class 3 or Higher Wind Power in the United States



Source: Renewable Resource Data Center; Scotia Capital.

For now, Pickens' plan has been delayed following a fall in natural gas prices to around the US$6/mmBtu level, as well as the credit crunch. Pickens believes that US$9/mmBtu natural gas is the breakeven point for economically viable wind power (we believe US$8/mmBtu).

Carbon Prices Falling with Lower Energy Complex

Carbon-emitting companies have found it less expensive to pollute recently on the back of sharply falling CO_2 prices globally. In early July, about the same time as oil prices peaked at US$147/bbl, the cost to emit 1 tonne of CO_2 under the European Union's Emissions Trading Scheme (EU ETS) hit about €30/CO_2 tonne. Today, the right to emit the same CO_2 tonne will cost a polluter only €15/CO_2 tonne.

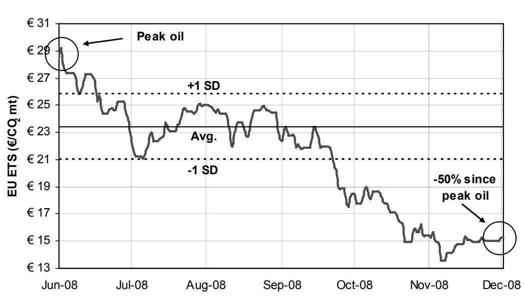
Until Canada finalizes a structure for penalizing carbon emissions, we expect to see limited trading on the Montreal Climate Exchange.

There are serveral bearish factors at play that have led to falling carbon prices worldwide: (1) lower energy commodity and power prices; (2) a rising likelihood of a global recession (i.e., lower forecast industrial output and electricity demand); and (3) the reduced availability of credit. Additionally, we think some financial speculators that had been playing the carbon markets likely liquidated their positions as they sought cash to meet margin calls. Exhibits 32 to 35 show the recent declines of CO_2 emissions prices.

CARBON MARKET PROGRESS IN CANADA SLOW…FOR SEVERAL REASONS

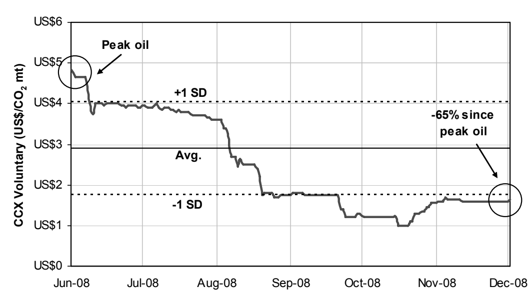
CO_2 trading is a US$100 billion market annually, with Canada playing quite an insignificant role in the marketplace. Between the Montreal Climate Exchange's launch in mid-2008 and October 31, only 1,066 lots have traded, representing 106,600 CO_2 tonnes, or just over $1 million of value. We see several reasons for Canada's slow progress to date: (1) final carbon legislation has yet to be released, which includes a federal cap-and-trade program; (2) several provinces have joined U.S. regional cap-and-trade initiatives; and (3) Prime Minister Harper recently stated to U.S. President-elect Obama that Canada may pursue a North American climate change agreement. **In our opinion, until Canada finalizes a structure for penalizing carbon emissions, we expect to see limited trading/ participation on the Montreal Climate Exchange.**

Exhibit 32: EU Emissions Trading Scheme



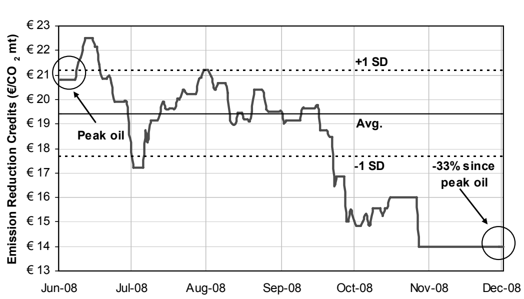
Source: Bloomberg; Scotia Capital.

Exhibit 33: Chicago Climate Exchange



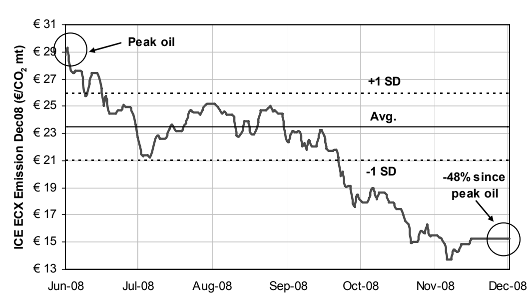
Source: Bloomberg; Scotia Capital.

Exhibit 34: Emission Reduction Credits



Source: Bloomberg; Scotia Capital.

Exhibit 35: International Climate Exchange



Source: Bloomberg; Scotia Capital.

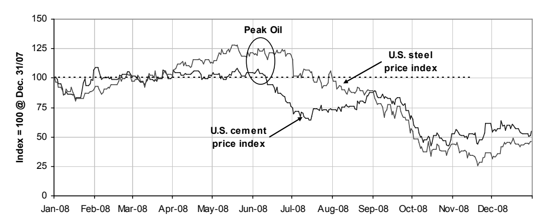
Wind Power Capital Costs Should Ease in Late 2010

We see wind turbine prices as well as an 18- to 24-month delivery backlog easing in mid- to late 2010. The impact of the credit crunch has reduced credit availability to small IPPs and has increased financing costs, making some marginal wind farm projects uneconomical. We expect the result of this to be a **reduced global demand for wind turbines**, while new wind turbine manufacturing capacity continues to be built. In October 2008, industry consultants reduced their 2009 global wind turbine installation forecast by an average of 17%, composed of a 5% to 10% year-over-year **reduction** in Europe and a 20% to 30% **decline** in the United States.

Prices of raw materials used in the construction of wind turbines have started to decline.

In addition to slowing turbine demand, coupled with rising manufacturing capacity, **prices of raw materials used in the construction of both wind turbines and wind farms have started to decline.** Since oil prices peaked in mid-2008, commodities such as steel and cement have fallen between 40% and 60% (Exhibit 36). Furthermore, the demand pressure for skilled labour in B.C., Alberta, and Ontario should also begin to cool as oil sands growth and manufacturing take a breather in 2009.

Exhibit 36: Materials Prices Have Fallen



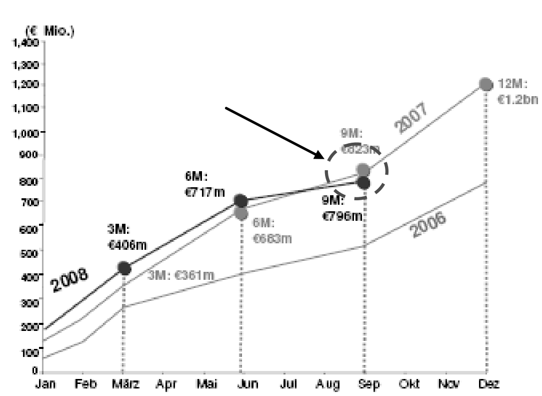
Source: Bloomberg; Scotia Capital.

Despite the economic slowdown, wind turbine manufacturers have, for the most part, filled their order books for 2009 (see below). As a result, wind turbine prices and margins have effectively been locked in for the next 12 to 18 months. **For those manufacturers that have neither hedged nor pre-purchased their raw materials, such as steel and iron, we could see EBITDA margin expansion next year.** Moving through 2010 and into 2011, we expect wind turbine prices to gradually ease as pre-ordered turbines are delivered from high-cost inventories and new orders are booked based on a falling manufacturer cost curve.

MANY TURBINE MANUFACTURERS HAVE FILLED THEIR ORDER BOOKS FOR 2009+

- **Suzlon**, which typically sells between 20% and 25% of its planned wind turbine volume to North America, is 100% sold out until 2010.

Exhibit 37: Nordex's Order Book Declined in Q3/08



Source: Nordex.

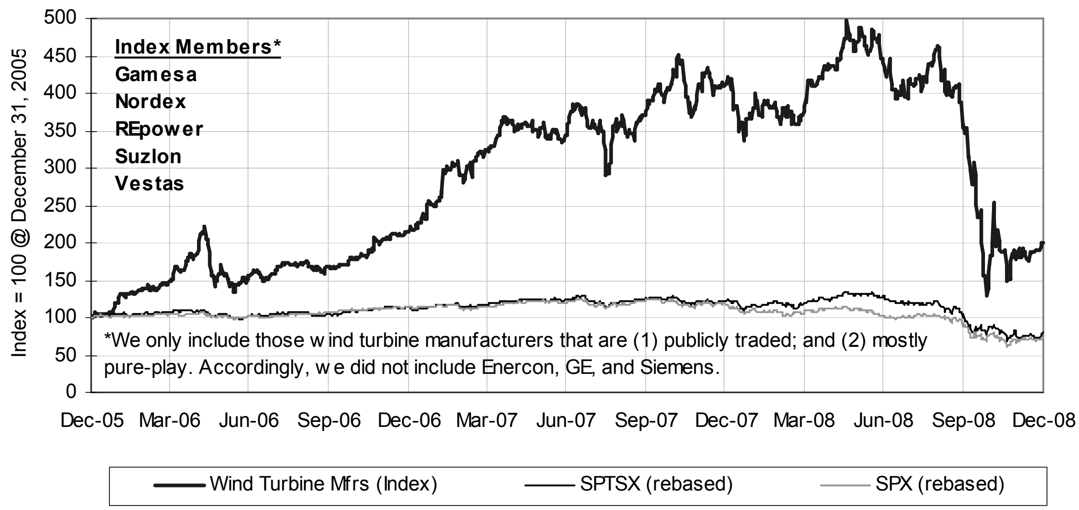
- **RePower Systems** is also sold out through the end of fiscal 2009. Between 2010 and 2012, more than 80% of its order book is covered by framework contracts with companies such as EDF, Electrabel, and Enertad. Its current order book also partially secures deliveries from 2012 to 2015 (both onshore and offshore).
- No wind turbine orders have been cancelled to date for **Vestas.** As at November 6, 2008, its order backlog was up 48% (MW) and 59% (€) year over year.
- **Nordex's** backlog remains at an all-time high at about €3.3 billion, compared to €1.9 billion a year ago. **However, new wind turbine orders slowed down in Q3/08** (Exhibit 37).

- New orders for large **Siemens** turbines should not be expected for delivery until 2012, as the company currently has a four-year backlog on orders booked. In 2008, Siemens received US$2.4 billion of orders in the United States alone, **although we expect some orders from smaller IPPs to fall off the table due to the credit crunch.**
- **GE** is sold out through 2009, based on its current manufacturing capacity.

Exhibit 38 shows the abysmal performance of publicly traded, mostly pure-play wind turbine manufacturers. **Nearly three years of capital appreciation has been lost in less than six months.**

Nearly three years of capital appreciation has been lost by publicly traded, pure-play wind turbine manufacturers.

Exhibit 38: Pure-Play Wind Turbine Manufacturer Stocks Have Lost Nearly Three Years of Gains



Source: Bloomberg; Scotia Capital.

WIND TURBINE MANUFACTURING CAPACITY STILL EXPANDING

- Some turbine manufacturers, such as **Siemens**, are moving forward with new manufacturing capacity investment **despite the long-term uncertainty** surrounding the U.S. Production Tax Credit. Siemens is currently considering three to five locations in the United States to manufacture nacelles, as it aims to increase its global turbine market share to 15% by 2011 from less than 10% currently. Siemens is also considering a 1,000 MW per year turbine factory in China by 2011.
- **Gamesa** plans to increase its annual production capacity to 6,000 MW by 2010 from 3,600 MW currently. The company seeks a 20% global turbine market share by 2010/2011, and will look to add new manufacturing capacity in Europe, the United States, and China.
- Over the next five years, **Suzlon** aims to forge ahead with its goal to increase capacity to 14,300 MW from 3,800 MW, with planned facilities in Belgium, India, and China. In China, the company hopes to double its manufacturing capacity to 1,200 MW by 2010.
- **Vestas** announced in May that it will build the world's largest wind turbine tower factory in Colorado at an estimated cost of US$250 million. The facility will produce 900 towers a year with an anticipated in-service date of mid-2010. Additionally, the company is constructing two new blade manufacturing facilities in India (Chennai and New Delhi).

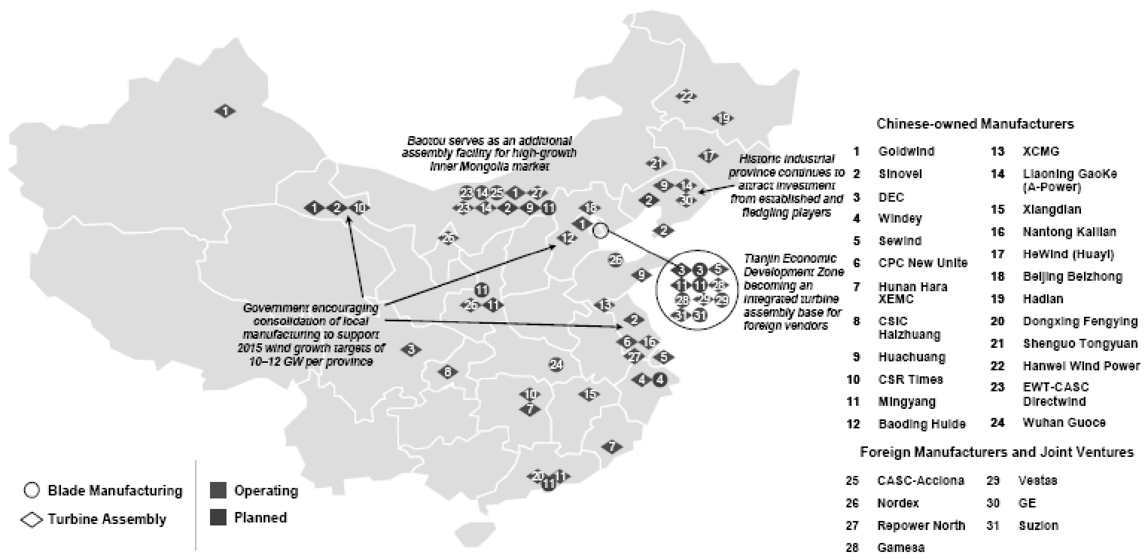
- **GE** is ramping up its presence in India with a new facility that will manufacture 1.5 MW to 2.5 MW turbines. Mexico, China, and South Dakota are among other locations in which GE is currently constructing wind turbine component facilities.
- Germany's **Enercon** is constructing three plants in Portugal.

By late 2009, China will become the world's largest producer of wind turbines.

ASSESSING THE CHINA FACTOR

By late 2009, China will become the world's largest producer of wind turbines (Exhibit 39). To date, China has at least 40 wind turbine manufacturers that are producing turbines greater than 1 MW: 17 are state-owned/controlled, 12 are private Chinese companies, seven are joint ventures, and four are wholly owned foreign firms.

Exhibit 39: China's Current and Planned Wind Turbine Production Facilities



Source: Emerging Energy Research.

The two largest wind turbine manufacturers in China, Goldwind and Sinovel, plan to begin exporting turbines in 2009 to 2010. While turbine quality will remain a distinguishing factor among producers, the following question must be considered by investors: **Could China's export appetite commoditize turbines to the point where competitively priced turbines are benchmarked to China cost + shipping?** Perhaps, but we don't see this happening in the near term.

Goldwind has already confirmed sales to Cuba, Pakistan, the Philippines, and South Korea.

China High, the country's largest manufacturer of gearboxes, plans a four-fold increase in production capacity over the next two years, and forecasts 50% of its revenue will come from exports. China High currently supplies gearboxes to GE, REpower, Nordex, and Goldwind.

OFFSHORE WIND FINALLY APPROVED IN THE U.S.

New Jersey's Board of Public Utilities approved the development of the United States' first offshore wind power project. The 346 MW facility, estimated to cost US$1 billion, will be developed by Garden State Offshore Energy, a joint venture between Public Service Electric and Gas Company (PSE&G) and Deepwater Wind. Construction is anticipated to begin in 2010 for a 2013 commissioning date. Full regulatory and environmental approvals remain in progress for the project, which is to be located 20 miles off the cost of New Jersey's Atlantic and Cape May counties.

We believe floating wind turbines will likely emerge as the offshore wind turbine technology of choice over the coming decade.

The U.S. federal government will be ready by early 2009 to grant offshore wind development leases. The leases will be distributed through competitive lease auctions. Additionally, the Federal Energy Regulatory Commission (FERC) will likely govern the transmission lines (i.e., undersea cables) for offshore wind farms.

We believe floating wind turbines will likely emerge as the offshore wind turbine technology of choice over the coming decade. Why? (1) Floating turbines are less expensive to install than traditional offshore turbines, which are fixed to the seabed; and (2) floating turbines can be placed further from shore, where winds are typically more reliable and stronger (i.e., up to 50% capacity factors). Blue H is seeking a lease from the U.S. Minerals Management Service to develop a floating turbine demonstration project about 23 miles off the coast of Massachusetts. If the pilot project is successful, the wind farm could grow into a 420 MW project, creating enough electricity to power 250,000 homes. Norway's **Statoil Hydro is currently constructing the world's first floating turbine project (~NOK400 million) that is expected to be commissioned in mid-2009.**

France has set a goal to commission 5,000 MW of offshore wind power capacity by 2020, as well as 20,000 MW of onshore wind.

Offshore installed capacity reached over 1,000 MW by the end of 2007, with 100% of it coming from Europe, specifically: Denmark (420 MW), the United Kingdom (300 MW), Sweden (135 MW), the Netherlands (130 MW), and Ireland (25 MW).

EMERGING TECHNOLOGIES

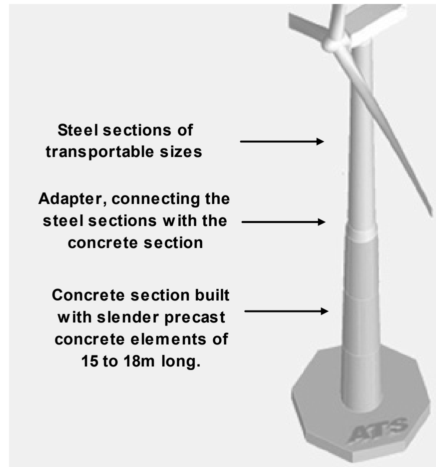
Catch the Wind Inc. (CTW-V) has developed a technology that can measure wind velocity and direction at multiple ranges, up to 300 metres in front of wind turbines. **CTW believes that its Vindicator Laser Wind Sensor can achieve up to a 10% increase in turbine output power.** The Vindicator, a laser-based Doppler detection system, can be mounted on top of a turbine's nacelle, and has the potential to optimize yaw and pitch seconds before the wind arrives (Exhibit 40). According to the company, benefits to the technology include: (1) up to 10% lower turbine maintenance costs; (2) up to 10% higher power generation; and (3) an increased turbine lifespan. Each unit sells for US$125,000. Testing of the Vindicator at the Wind Energy Institute of Canada (WEICan) is currently underway, with completion scheduled for Q1/09.

Advanced Tower Systems has patented a hybrid wind turbine tower that combines a precast concrete segment with tubular steel sections on top (Exhibit 41). Potential advantages of the new tower concept include: (1) up to 20% more energy production over conventional towers due to larger hub heights; and (2) a 5% to 10% lower cost of levelized energy due to less maintenance, lower material costs, and lower transport costs.

Exhibit 40: Vindicator Laser Wind Sensor

Source: Catch The Wind Inc.

Exhibit 41: ATS's Hybrid Wind Tower



Source: Advanced Tower Systems.

SELECT WIND POWER DEVELOPMENTS

- Prince Edward Island announced a $1 billion plan to commission 500 MW of wind capacity, primarily for the export market. The province currently meets 18% of its electricity requirements from wind power (above its 15% 2010 target), which is expected to rise to 30% shortly. By the end of 2008, about 150 MW of wind power was online in P.E.I. We believe that P.E.I. will likely export the clean electricity into the NEPOOL market to take advantage of strong renewable energy credit (REC) prices there.
- Sea Breeze Power's underwater cable transmission line between Vancouver Island and Washington state received its final U.S. regulatory permit in mid-October. The Juan de Fuca Cable is a 31-mile line using high-voltage, direct current light technology capable of transmitting up to 550 MW of power. It is widely expected that wind power development on Vancouver Island could increase due to the line. For further details, please refer to our October 29, 2008, *Daily Edge* comment titled "IPPBC Conference Highlights."
- Quebec-based wind turbine manufacturer AAER (AAE-V) signed an agreement to deliver 61, 1.65 MW turbines to Mont Louis Wind LP, a subsidiary of Northland Power. The turbines are to be used at the 100 MW Saint-Maxime-du-Mont-Louis wind farm, with output sold under a long-term fixed-price power purchase agreement to Hydro-Quebec.
- Manitoba Hydro accepted a proposal from St. Joseph Wind Farm Inc. to develop an $800 million, 300 MW wind farm in southern Manitoba.
- Shear Wind (SWX-V) secured a second 100 MW build-out position on the existing Alberta electrical grid for the Willowridge project located in southern Alberta. Shear Wind now has three projects in build-out positions totalling 260 MW.
- GreenGate Power Corp. received municipal approvals for the construction of three Alberta wind farms totalling 550 MW. Construction is expected to begin on the $1 billion project in between 2009 and 2010.
- Finavera Renewables Inc. completed the sale of its 75 MW Alberta-based Ghost Pine wind project for $4.5 million. All major environmental field work has been completed, as well as the permitting and interconnection provisions.

Exhibit 42: Wind Turbine Manufacturer Valuation Metrics

Company Name	Ticker	Last Price	52-Wk Low	52-Wk High	Shares O/S	Market Cap	Debt/ Equity	Debt/ Assets	Debt/ EBITDA	1-Month ROR	3-Month ROR	1-Year ROR
		12/31/2008			(M)	(C$M)	(%)	(%)	(x)	(%)	(%)	(%)
AAER	AAE	$0.15	$0.11	$2.10	102.9	$15	0%	0%	0.0x	21%	-32%	-87%
Gamesa Corp Tecnologica	GAM	€ 12.74	€ 10.10	€ 36.18	241.2	$4,879	47%	14%	4.3x	13%	-38%	-60%
General Electric	GE	US$16.20	US$12.58	US$38.52	9,987.6	$199,320	488%	66%	68.3x	-4%	-21%	-56%
Nordex	NDX1	€ 10.00	€ 8.00	€ 32.73	66.8	$1,061	4%	1%	0.4x	17%	-43%	-68%
REpow er Systems	RPW	€ 111.00	€ 50.52	€ 243.54	9.0	$1,585	4%	2%	1.1x	10%	-40%	-15%
Siemens	SIE	€ 52.68	€ 33.05	€ 107.50	861.6	$72,048	71%	20%	-44.7x	22%	-7%	-51%
Suzlon Energy	SUEL	Rp62.30	Rp36.30	Rp460.00	1,496.9	$2,329	-	-	-	52%	-56%	-84%
Vergnet	ALVER	€ 3.80	€ 3.60	€ 14.75	6.4	$38	11%	7%	-1.3x	-4%	-40%	-73%
Vestas Wind Systems	VWS	DKK352.00	DKK180.00	DKK700.00	184.5	$13,840	6%	2%	-	25%	-30%	-45%
Average						**$32,791**	**79%**	**14%**	**4.0x**	**17%**	**-34%**	**-60%**

Company Name	Enterprise Value to EBITDA			Price to Earnings			Price to Sales			Price to Cash Flow		
	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E
	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
AAER	-2.8x	1.0x	-	-2.5x	3.0x	-	0.3x	0.1x	-	-	-	-
Gamesa Corp Tecnologica	6.7x	6.3x	5.2x	13.3x	10.8x	9.2x	0.8x	0.7x	0.6x	7.9x	7.7x	5.3x
General Electric	18.5x	37.2x	11.9x	11.8x	11.4x	8.4x	0.9x	0.9x	0.8x	4.9x	-	-
Nordex	7.2x	5.6x	4.2x	16.1x	11.8x	9.7x	0.5x	0.4x	0.3x	9.3x	9.2x	5.1x
REpow er Systems	13.8x	13.1x	8.5x	24.9x	34.3x	15.6x	1.0x	0.8x	0.7x	13.2x	11.8x	13.2x
Siemens	6.0x	5.8x	5.1x	9.8x	9.9x	9.7x	0.6x	0.6x	0.6x	6.1x	5.3x	5.1x
Suzlon Energy	3.7x	3.2x	2.6x	6.9x	6.6x	4.8x	0.5x	0.4x	0.3x	5.7x	4.6x	3.3x
Vergnet	28.2x	-	-	54.3x	4.0x	-	0.3x	0.2x	-	5.7x	2.9x	-
Vestas Wind Systems	7.4x	6.4x	5.2x	15.0x	12.6x	10.8x	1.2x	1.0x	0.9x	11.7x	9.1x	7.4x
Average	**9.9x**	**9.8x**	**6.1x**	**16.6x**	**11.6x**	**9.7x**	**0.7x**	**0.6x**	**0.6x**	**8.0x**	**6.3x**	**5.6x**

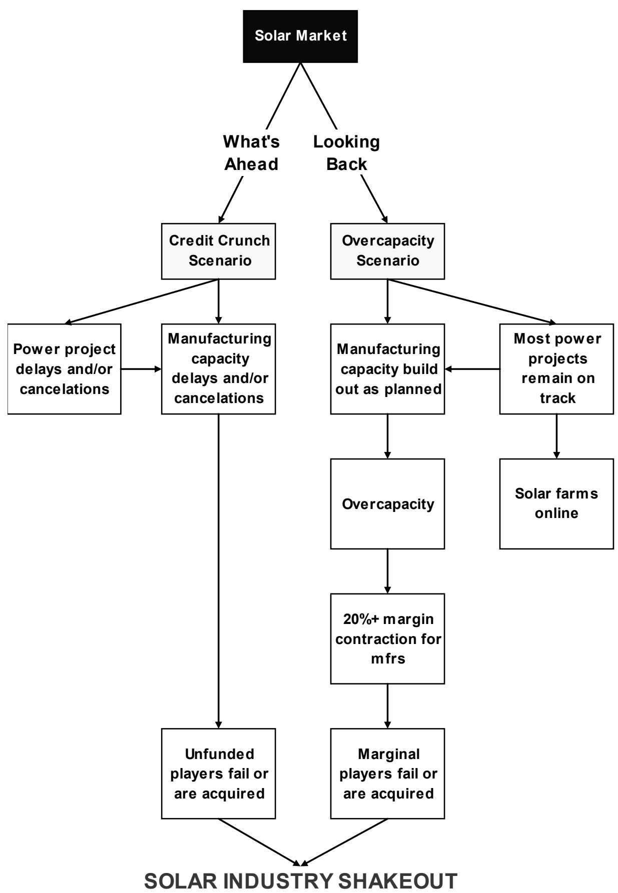
Source: Reuters; Scotia Capital.

A Solar Shakeout Is Inevitable

We are concerned that the tax equity market for the U.S. PTC has diminished substantially.

Despite the harsh realities of a post-credit crunch world, which have significantly increased the financing risk of global alternative energy development, the solar value chain appears to be the least scathed among its free-fuel peers, at least for now. We continue to see some solar-related financing deals being completed both in the United States and in Europe. For example, within the U.S. venture capital market, solar companies managed to raise US$1.5 billion (26 rounds) in Q3/08, compared with US$1.05 billion (71 rounds) during all of 2007. **However, we believe that increased difficulties raising capital for those solar companies trying to increase their manufacturing capacity is imminent.**

Exhibit 43: A Solar Shakeout Is Inevitable



Source: Scotia Capital.

In our opinion, there are two scenarios that have emerged for the North American solar industry, both of which will likely result in an industry shakeout (Exhibit 43).

Looking back is our "Overcapacity" scenario, where previously financed solar capacity build-outs occur as planned. As expected by most industry observers, the result is overcapacity, leading to **margin erosion on the order of 10% to 20% in 2009E.** We believe the Overcapacity scenario, which for the most part is too late to stop and will result in the contraction of module pricing and margins, **will lead to the failure or acquisition of marginal solar manufacturers.**

Going forward is our "Credit Crunch" scenario, where a lack of and/or high cost of capital prevents: (1) utility-scale solar power projects from proceeding due to economically unattractive equity returns; and (2) the ability for solar manufacturers across the entire chain to fund capacity expansion. **We believe the Credit Crunch scenario could lead to the failure of new entrants, as well as industry consolidation led by larger solar players.**

While the eight-year extension of solar-related U.S. tax credits is positive for the industry, **we are concerned that the capacity of the tax equity market in the United States has diminished substantially.** Many of the financial institutions that previously provided alternative energy financing for tax equity: (1) have filed for bankruptcy or creditor protection; (2) have been acquired; (3) have a reduced appetite for tax equity due to lower tax positions; and (4) have limited capital available.

SOLAR OVERSUPPLY → REDUCED PRICING POWER

BP Solar recently cancelled a US$97 million plan to expand its solar manufacturing facility in Maryland due to "intense competition in the global market". The company will still complete the building, but will use it for office space instead. BP Solar also cancelled a US$67 million equipment order for the factory. Duke Energy recently cut in half a US$100 million solar project, while Clear Skies Solar cancelled its solar panel order. Q Cells, GT Solar, Akeena Solar, Evergreen Solar, and most other solar players are also experiencing solar-related hiccups. We see several reasons for the emerging trend:

1. **Less charitable solar subsidies** → Despite the eight-year extension of solar-related investment tax credits in the United States, global subsidies for photovoltaic solar power are falling. For example, solar subsidies in Spain have fallen from €450/MWh to €330/MWh for roof-mounted panels, and to €290/MWh for ground-based plants. Additionally, the subsidies that are available for solar installations are usually capped at a moderate capacity level.

2. **Lower energy prices** → As the price of crude oil has fallen by more than 70% in the past several months to the US$40/bbl area, the sense of urgency to invest in high-cost renewable energy substitutes has weakened. Rather, renewable power technologies that are closer to achieving grid parity (i.e., wind, run-of-river, biomass) are still on project developers' radar screens.

3. **Massive new supply build** → Based on announced projects to date, not all of which will be financed, constructed, and commissioned, many industry observers believe that the global solar market could triple by 2012/2013. Price and margin erosion would likely follow suit as supply would exceed demand.

4. **Higher debt financing costs** → Within Canada, we have seen credit spreads for alternative energy project debt financing widen by 200 bp to 300 bp. Similar (if not worse) financing cost trends are being experienced within the United States and Europe.

5. **Reduced bank capital** → While banks will eventually have to redeploy their available capital in order to meet their return requirements, there is currently limited capital available for renewable power projects.

6. **Record low equity values** → With global solar equities down well over 65% during 2008, as well as a now higher concentration of equity required within project financing capital structures, the impact of equity dilution has become a large risk.

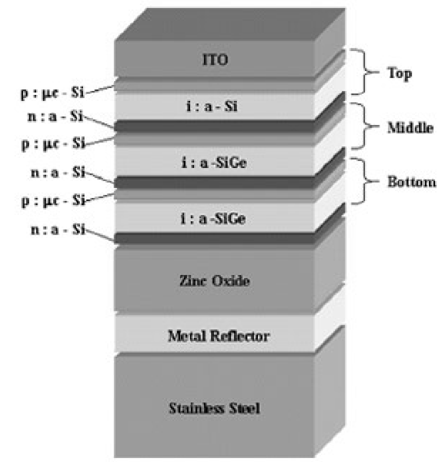
7. **Pricing pressure from utilities** → In our opinion, homeowners in the United States will likely strain to finance the 70% of the cost of solar installations that is not covered by the 30% U.S. Investment Tax Credit (ITC). Utilities are typically willing to pay about 20% less than residential consumers for solar systems.

ITALY LEADS NEW SOLAR GROWTH INITIATIVES

Total installed solar photovoltaic (PV) capacity could reach 2,500 MW by the end of 2010, up from a mere 170 MW at the end of 2007. Italy's Kyoto Club forecasts 600 MW of new installations in 2009 and an additional 1,500 MW installed in 2010. However, the Italian government is somewhat more conservative in its forecast, estimating that its 1,200 MW cap on subsidies will likely be reached in 2012.

Spain's government expects capacity to double to about 3,000 MW between now and 2010, despite less generous feed-in tariff rates. Solar subsidies in Spain have fallen from €450/MWh to €330/MWh for roof-mounted panels, and to €290/MWh for ground-based plants. Despite the lower subsidy, the Spanish government recently revised upwards its 2009 subsidy cap on new solar panels to 500 MW from 300 MW. The solar subsidy cap on ground-based installations will remain at 200 MW for 2009. Spain boasts the third-largest solar market in the world, behind Germany and the United States.

Exhibit 44: Triple Junction Solar Cell Anatomy



Source: University of Toledo.

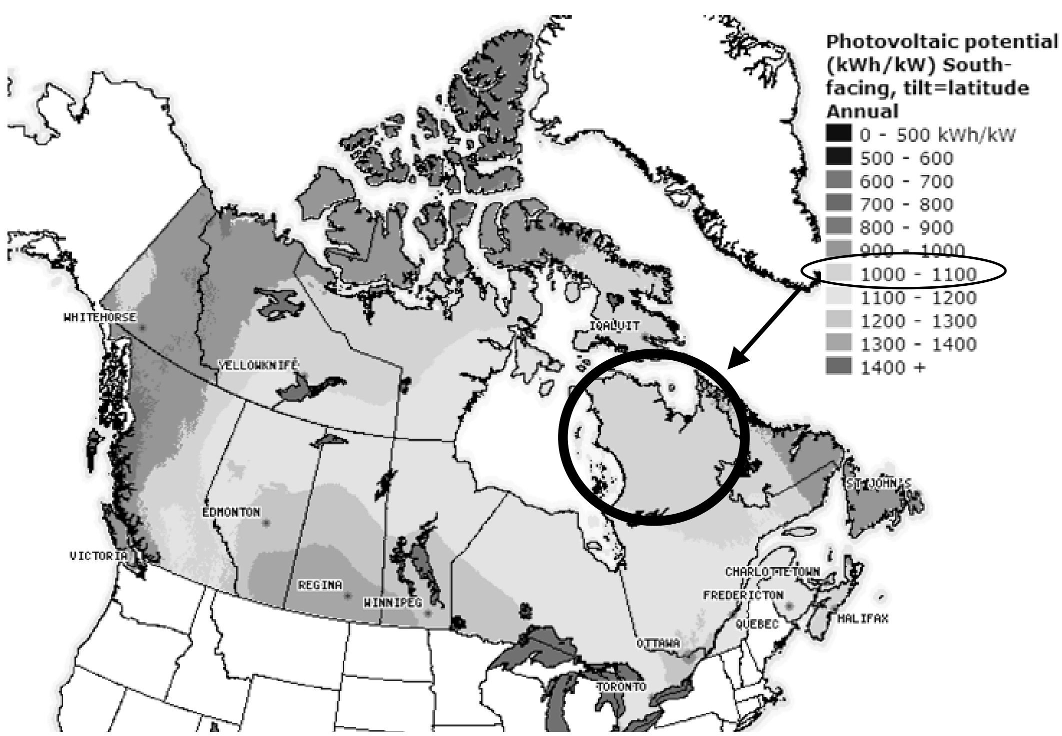
40.8% SOLAR CELL EFFICIENCY ACHIEVED

The U.S. Department of Energy's National Renewable Energy Laboratory (NREL) recently set a world record in photovoltaic solar cell efficiency at 40.8%, using a triple-junction solar cell with compositions of gallium indium phosphide and gallium indium arsenide (Exhibit 44). The new cell will likely be used for the space satellite market as well as for concentrated solar panels. The announcement came days after 39.7% efficiency was reached by a European solar research group. Such high solar efficiencies are typically only achieved with a sunlight concentration factor of between 300 and 600. The immediate application of the new technology would be for **utility-scale solar concentrators**, and not for the residential solar market.

QUEBEC'S 3,500 MW NORTHERN PLAN TO INCLUDE SOLAR

Quebec Premier Jean Charest announced on November 14 a plan that would add up to 3,500 MW of new power generation in northern Quebec. Under the Northern Plan, approximately 700 MW of capacity would be supplied by wind, solar, and various marine power generation technologies. **We believe the PV potential of northern Quebec is somewhat weaker than many other regions of Canada** (Exhibit 45).

Exhibit 45: Map of Canada's Photovoltaic Solar Power Potential



Source: Natural Resources Canada.

Exhibit 46: Solar PV Chain Valuation Metrics

Sub Sector	Company Name	Ticker	Last Price	52-Wk Low	52-Wk High	Shares O/S	Market Cap	Debt/ Equity	Debt/ Assets	Debt/ EBITDA	1-Month ROR	3-Month ROR	1-Year ROR
			12/31/08			(M)	(C$M)	(%)	(%)	(x)	(%)	(%)	(%)
Silicon	5N Plus	VNP	$4.60	$3.25	$13.49	45.5	$209	6%	5%	1.0x	2%	-12%	-42%
Silicon	Timminco	TIM	$3.53	$2.28	$35.69	104.2	$368	24%	10%	-3.6x	-25%	-77%	-84%
Silicon	Wacker Chemie	WCH	€ 77.63	€ 61.00	€ 199.39	49.7	$6,122	15%	7%	0.9x	4%	-26%	-62%
Wafers	AXT	AXTI	US$1.35	US$0.86	US$6.58	30.5	$51	3%	3%	-7.6x	29%	-33%	-78%
Wafers	LDK Solar	LDK	US$13.12	US$9.45	US$52.40	113.1	$1,828	101%	32%	-	-12%	-60%	-72%
Wafers	MEMC	WFR	US$14.28	US$10.00	US$89.16	225.9	$3,974	1%	1%	0.1x	-4%	-50%	-84%
Wafers	PV Crystalox	PVCS	£1.01	£0.78	£2.02	416.7	$797	6%	5%	0.3x	2%	-35%	-34%
Upstream	Canadian Solar	CSIQ	US$6.46	US$3.11	US$51.80	35.6	$284	50%	28%	-	33%	-66%	-77%
Upstream	Renewable Energy Corp.	REC	NOK68.9	NOK41.3	NOK280.5	494.3	$6,016	38%	23%	7.6x	8%	-39%	-77%
Cells	China Sunergy	CSUN	US$3.95	US$1.33	US$18.49	44.6	$217	59%	28%	-	13%	-48%	-76%
Cells	E-Ton	3452	NT$93.3	NT71.0	NT298.5	102.4	$354	165%	51%	11.1x	16%	-57%	-55%
Cells	JA Solar	JASO	US$4.37	US$1.55	US$27.00	167.9	$904	41%	26%	-	21%	-63%	-81%
Cells	Q-Cells	QCE	€ 26.31	€ 16.17	€ 100.89	112.7	$4,708	21%	15%	6.6x	2%	-58%	-74%
Midstream	Daystar Technologies	DSTI	US$0.94	US$0.80	US$7.71	33.4	$39	0%	0%	0.0x	-8%	-68%	-85%
Midstream	Energy Conversion Devices	ENER	US$25.21	US$18.32	US$83.33	45.7	$1,419	52%	32%	16.4x	-11%	-59%	-25%
Midstream	Evergreen Solar	ESLR	US$3.19	US$1.89	US$18.62	164.8	$648	65%	37%	-24.9x	19%	-46%	-82%
Midstream	Motech	6244	NT$77.4	NT49.4	NT253.8	249.5	$715	24%	17%	3.3x	42%	-47%	-69%
Midstream	Solarfun Power	SOLF	US$5.01	US$2.67	US$40.19	48.4	$299	95%	43%	-	2%	-57%	-85%
Midstream	Suntech Power	STP	US$11.70	US$5.36	US$90.00	155.8	$2,246	157%	53%	-	46%	-68%	-86%
Midstream	Sunways	SWW	€ 2.70	€ 2.20	€ 9.68	11.6	$50	35%	16%	9.3x	15%	-41%	-62%
Midstream	Trina Solar	TSL	US$9.29	US$5.61	US$56.50	25.0	$287	101%	45%	-	6%	-61%	-83%
Modules	Carmanah Technologies	CMH	$0.49	$0.38	$1.30	42.3	$21	0%	0%	0.0x	-2%	-47%	-59%
Modules	Day4 Energy	DFE	$0.87	$0.42	$7.20	36.7	$32	1%	1%	-0.3x	34%	-74%	-87%
Modules	First Solar	FSLR	US$137.96	US$85.28	US$317.00	81.1	$13,781	13%	9%	1.2x	3%	-30%	-48%
Modules	XSunX	XSNX	US$0.19	US$0.17	US$0.74	180.0	$41	0%	0%	0.0x	-10%	-36%	-66%
Downstream	Conergy	CGY	€ 1.01	€ 0.83	€ 8.33	105.7	$170	-	72%	-61.0x	-5%	-48%	-87%
Downstream	OPEL International	OPL	$0.15	$0.10	$1.80	54.3	$8	0%	0%	0.0x	3%	-46%	-92%
Downstream	Solar Fabrik	SFX	€ 5.02	€ 3.94	€ 16.45	11.7	$93	19%	14%	6.5x	-1%	-27%	-69%
Downstream	Solon	SOO1	€ 14.77	€ 10.30	€ 73.10	12.5	$294	84%	38%	15.2x	8%	-54%	-80%
Downstream	SunPower	SPWRA	US$37.00	US$18.50	US$134.34	85.8	$3,909	43%	22%	6.0x	8%	-52%	-72%
Integrated	ARISE Technologies	APV	$0.53	$0.29	$2.90	126.4	$67	41%	25%	-5.2x	8%	-42%	-79%
Integrated	ATS Automation	ATA	$5.00	$2.75	$8.90	77.3	$386	4%	3%	1.0x	-2%	-16%	-4%
Integrated	Ersol Solar Energy	ES6	€ 108.10	€ 38.79	€ 110.90	10.7	$1,840	1%	0%	0.1x	5%	-2%	51%
Integrated	Solarworld	SWV	€ 15.67	€ 10.83	€ 42.60	111.7	$2,779	88%	36%	6.9x	13%	-51%	-64%
Integrated	Yingli Green Energy	YGE	US$6.10	US$2.50	US$39.95	127.4	$958	72%	33%	-	57%	-47%	-84%
	Silicon Average						**$2,233**	**15%**	**7%**	**-0.6x**	**-6%**	**-38%**	**-63%**
	Wafers Average						**$1,662**	**28%**	**10%**	**-2.4x**	**3%**	**-45%**	**-67%**
	Upstream Average						**$3,150**	**44%**	**25%**	**7.6x**	**21%**	**-53%**	**-77%**
	Cells Average						**$1,546**	**72%**	**30%**	**8.8x**	**13%**	**-56%**	**-72%**
	Midstream Average						**$713**	**66%**	**30%**	**0.8x**	**14%**	**-56%**	**-72%**
	Modules Average						**$3,469**	**3%**	**3%**	**0.2x**	**6%**	**-47%**	**-65%**
	Downstream Average						**$895**	**37%**	**29%**	**-6.7x**	**3%**	**-45%**	**-80%**
	Integrated Average						**$1,206**	**41%**	**19%**	**0.7x**	**16%**	**-32%**	**-36%**
	Total Average						**$1,597**	**42%**	**21%**	**-0.3x**	**9%**	**-47%**	**-66%**

Source: Reuters; Scotia Capital.

Exhibit 46: Solar PV Chain Valuation Metrics (cont'd)

		Enterprise Value to EBITDA			Price to Earnings			Price to Sales			Price to Cash Flow		
Sub Sector	**Company Name**	**2009E**	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**
		(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
Silicon	5N Plus	6.0x	4.6x	5.1x	11.2x	9.0x	9.4x	3.2x	2.5x	2.6x	57.5x	9.8x	-
Silicon	Timminco	1.8x	0.9x	1.0x	3.1x	1.7x	1.7x	0.7x	0.5x	0.4x	1.5x	1.0x	-
Silicon	Wacker Chemie	3.0x	2.7x	2.3x	7.9x	7.0x	5.5x	0.9x	0.8x	0.7x	4.4x	3.9x	3.1x
Wafers	AXT	1.4x	-	-	9.6x	6.8x	-	0.5x	0.4x	-	-	-	-
Wafers	LDK Solar	3.2x	1.7x	1.1x	3.7x	2.0x	1.4x	0.6x	0.5x	0.4x	2.5x	1.5x	-
Wafers	MEMC	2.8x	2.5x	-	5.8x	4.5x	-	1.8x	1.5x	-	4.5x	2.5x	-
Wafers	PV Crystalox	3.1x	2.5x	1.9x	5.4x	5.1x	3.6x	1.3x	1.1x	1.0x	5.1x	3.4x	-
Upstream	Canadian Solar	5.5x	4.3x	-	17.2x	3.1x	-	0.2x	0.2x	-	-	-	-
Upstream	Renew able Energy Corp.	5.4x	3.4x	2.3x	10.7x	6.3x	4.4x	2.4x	1.6x	1.1x	7.4x	4.4x	3.2x
Cells	China Sunergy	4.6x	-	-	7.0x	4.2x	-	0.5x	0.4x	-	65.8x	4.6x	-
Cells	E-Ton	11.0x	8.0x	5.2x	6.8x	6.2x	-	0.5x	0.5x	0.3x	5.6x	3.6x	-
Cells	JA Solar	5.2x	4.6x	1.4x	11.2x	9.5x	-	0.7x	0.8x	0.3x	3.8x	-	-
Cells	Q-Cells	7.6x	5.0x	4.5x	14.2x	9.7x	7.0x	1.8x	1.2x	1.1x	11.6x	7.2x	5.4x
Midstream	Daystar Technologies	-	-	-	-1.0x	-1.1x	8.5x	3.6x	0.8x	0.2x	-	-	-
Midstream	Energy Conversion Devices	9.4x	5.8x	4.6x	15.9x	8.7x	8.2x	2.5x	1.7x	1.5x	11.9x	6.5x	-
Midstream	Evergreen Solar	8.3x	5.5x	1.7x	12.8x	5.7x	5.3x	1.4x	0.9x	0.5x	13.6x	3.9x	-
Midstream	Motech	5.6x	4.7x	2.9x	9.2x	8.0x	-	0.8x	0.6x	0.4x	6.0x	4.0x	-
Midstream	Solarfun Pow er	8.4x	5.6x	-	11.1x	8.0x	-	0.3x	0.3x	-	-	-	-
Midstream	Suntech Pow er	12.1x	8.8x	2.4x	14.7x	8.3x	2.1x	0.8x	0.7x	0.3x	12.8x	5.6x	-
Midstream	Sunw ays	1.9x	1.2x	-	3.7x	2.4x	2.0x	0.1x	0.1x	0.1x	1.7x	1.5x	-
Midstream	Trina Solar	5.0x	7.1x	1.0x	5.8x	4.2x	-	0.2x	0.2x	0.1x	3.3x	1.9x	-
Modules	Carmanah Technologies	3.4x	2.1x	1.5x	6.6x	4.3x	3.1x	0.3x	0.3x	0.3x	3.6x	4.1x	2.9x
Modules	Day4 Energy	-0.1x	0.0x	0.0x	6.1x	1.8x	1.8x	0.1x	0.1x	0.1x	87.0x	-21.8x	-2.0x
Modules	First Solar	13.3x	10.7x	6.4x	19.3x	15.1x	9.7x	5.5x	4.3x	2.8x	13.4x	10.1x	-
Modules	XSunX	-	-	-	3.7x	-	-	0.7x	-	-	-	-	-
Dow nstream	Conergy	16.8x	9.3x	7.4x	-82.1x	11.2x	4.9x	0.1x	0.1x	0.1x	7.8x	2.0x	1.6x
Dow nstream	OPEL International	-22.2x	16.3x	-0.5x	-4.1x	6.3x	-	0.4x	0.3x	0.1x	-3.0x	3.0x	-
Dow nstream	Solar Fabrik	2.7x	2.1x	-	5.2x	5.1x	6.4x	0.2x	0.2x	0.2x	-2.7x	122.4x	-
Dow nstream	Solon	5.8x	5.0x	4.6x	5.7x	4.4x	4.4x	0.2x	0.1x	0.1x	4.1x	3.1x	3.1x
Dow nstream	SunPow er	8.3x	11.7x	-	13.0x	9.6x	6.8x	1.6x	1.2x	0.9x	11.9x	9.4x	-
Integrated	ARISE Technologies	-12.1x	2.1x	1.5x	-5.5x	4.5x	2.5x	0.4x	0.2x	0.1x	39.8x	5.6x	2.0x
Integrated	ATS Automation	4.4x	4.5x	4.3x	8.8x	9.4x	9.8x	0.5x	0.5x	0.5x	6.3x	6.3x	5.8x
Integrated	Ersol Solar Energy	9.5x	7.6x	6.3x	22.9x	17.2x	13.8x	2.7x	2.0x	1.7x	13.1x	10.5x	8.8x
Integrated	Solarw orld	4.3x	3.3x	2.3x	9.8x	7.7x	5.3x	1.5x	1.2x	0.9x	7.1x	5.2x	4.5x
Integrated	Yingli Green Energy	5.6x	4.3x	3.1x	5.5x	4.8x	-	0.5x	0.6x	0.3x	-	-	-
	Silicon Average	**3.6x**	**2.7x**	**2.8x**	**7.4x**	**5.9x**	**5.5x**	**1.6x**	**1.2x**	**1.2x**	**21.1x**	**4.9x**	**3.1x**
	Wafers Average	**2.6x**	**2.2x**	**1.5x**	**6.2x**	**4.6x**	**2.5x**	**1.0x**	**0.9x**	**0.7x**	**4.0x**	**2.5x**	**-**
	Upstream Average	**5.4x**	**3.9x**	**2.3x**	**14.0x**	**4.7x**	**4.4x**	**1.3x**	**0.9x**	**1.1x**	**7.4x**	**4.4x**	**3.2x**
	Cells Average	**7.1x**	**5.8x**	**3.7x**	**9.8x**	**7.4x**	**7.0x**	**0.9x**	**0.7x**	**0.6x**	**21.7x**	**5.1x**	**5.4x**
	Midstream Average	**7.2x**	**5.5x**	**2.5x**	**9.0x**	**5.5x**	**5.2x**	**1.2x**	**0.7x**	**0.4x**	**8.2x**	**3.9x**	**-**
	Modules Average	**5.5x**	**4.2x**	**2.6x**	**8.9x**	**7.1x**	**4.9x**	**1.7x**	**1.6x**	**1.0x**	**34.7x**	**-2.5x**	**0.4x**
	Dow nstream Average	**2.3x**	**8.9x**	**3.8x**	**-12.5x**	**7.3x**	**5.6x**	**0.5x**	**0.4x**	**0.3x**	**3.6x**	**28.0x**	**2.3x**
	Integrated Average	**2.3x**	**4.4x**	**3.5x**	**8.3x**	**8.7x**	**7.9x**	**1.1x**	**0.9x**	**0.7x**	**16.6x**	**6.9x**	**5.3x**
	Total Average	**4.6x**	**5.1x**	**3.0x**	**5.7x**	**6.5x**	**5.6x**	**1.1x**	**0.8x**	**0.7x**	**14.1x**	**8.0x**	**3.5x**

Source: Reuters; Scotia Capital.

Geothermal M&A Won't Prevent Financing Woes

While funding sources are tight for most IPPs due to the credit crunch, no group is feeling the financing pinch more than geothermal developers. At a cost of about US$1 million per **unproven** MW, equity providers seem to have no appetite to fund pre-feasibility geothermal projects. **Why?** Drilling risk is the highest risk for geothermal projects, with no guarantee of success. Drilling a well can cost between US$3 million and US$6 million.

Consider a 100 MW wind farm versus a 100 MW geothermal project. For the 100 MW wind farm, perhaps $2 million to $4 million is spent on site development, wind resource testing, other feasibility studies, initial permitting, and preparation for a bid into a Call for Power. For the geothermal developer, $100 million must be spent just to confirm if the resource is there, and economically viable – **a massive risk that most equity and debt providers are no longer willing to accept.** Lenders are typically willing to finance geothermal projects once 70% to 75% of pre-feasibility costs have been funded and spent.

We believe industry consolidation is an inevitable consequence among those geothermal developers that are unable to advance their pre-feasibility stage projects.

In our opinion, industry consolidation is an inevitable consequence among those geothermal developers that are unable to advance their pre-feasibility stage projects. Strategically and financially, it makes sense to us that those companies with operating assets and cash flow, coupled with limited development opportunities, would fit well with a company that has no operating assets and no cash flow, but a substantial development pipeline. However, while consolidation makes sense, we believe it is still not enough to move pre-feasibility projects forward.

Following industry consolidation, we see two likely scenarios emerging: (1) projects go on hold until equity and debt markets increase their confidence in backing geothermal pre-feasibility plays; and/or (2) private equity partnerships or joint ventures are formed that would likely reduce 100% geothermal developer interests in projects to 30% to 40% interests.

U.S. PTC RENEWAL ENCOURAGING FOR GEOTHERMAL DEVELOPMENT, BUT FINANCING RISKS INCREASING

In our opinion, the two-year extension of the U.S. Production Tax Credit (PTC) will encourage aggressive growth of geothermal power development in western U.S. states, including Nevada and California. New utility-scale geothermal projects that are commissioned prior to December 31, 2010, will receive a US$20/MWh tax credit for the project's first 10 years of operation.

To date, 2,958 MW of geothermal capacity is online in the United States (86% in California), while Canada has yet to commission a single megawatt. U.S. geothermal projects in development represent almost 4,000 MW of capacity, or about a 50% increase over one year ago. These projects will require a gross capital spend of between US$14 billion and US$18 billion, with about half of that amount required in 2011 and 2012[1].

Despite the strong line-up of geothermal development projects that was recently boosted with the extension of the U.S. PTC, **we expect to see several marginally EVA-positive projects postponed or terminated** due to (1) higher near-term financing costs and (2) limited availability of financing.

[1] Glitnir Bank, *United States Geothermal Energy Market Report*.

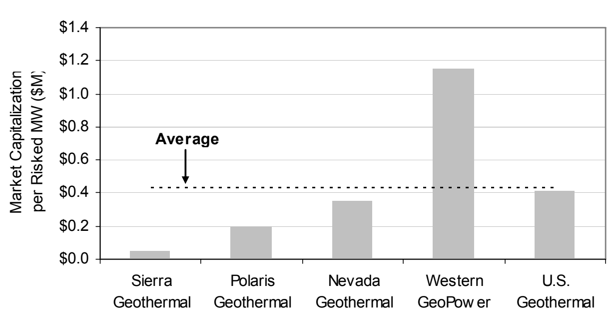
USGS GEOTHERMAL FINDINGS SUPPORTIVE OF ACCELERATED GROWTH

The U.S. Geological Survey (USGS) recently released its first national geothermal estimate in over 30 years. Key findings include: (1) 9,000+ MW of conventional and identified geothermal resources; (2) 30,000+ MW of conventional but unidentified geothermal resources; and (3) over 500,000 MW of power generation potential from Enhanced Geothermal Systems (EGS) resources. To put this in perspective, **if the EGS potential was fully developed in the United States, it could account for about one-half of all power capacity in the United States.**

GEOTHERMAL PROJECT AND FINANCING DEVELOPMENTS

- **Nevada Geothermal** (NGP-V) closed its US$180 million financing facility for the construction of its 49.5 MW Blue Mountain, Faulkner I project. The loan, arranged by Morgan Stanley and Glitnir Bank, is sufficient to fully fund Phase I plant construction, remaining well field development, transmission line construction, and all outstanding soft costs. Nevada Geothermal has now received all of the necessary permits for initial construction work.
- **Ormat Technologies** (ORA-N) bid over US$3.5 million for the rights to explore for geothermal energy on Mount Spurr, a volcano located near Anchorage, Alaska. Fifteen of 16 tracts that were offered for lease were acquired by Ormat, which the company hopes to begin exploring in mid-2009.
- **Western GeoPower** (WGP-V) announced in early September that its WGP-2 testing well is a confirmed producer at a gross capacity of 2.6 MW. Additionally, WGP entered into a US$11 million secured loan that will be used for drilling, project management, development costs, plant equipment, and general corporate purposes.
- **U.S. Geothermal** (GTH-T) received approval for a US$6 million Department of Energy (DOE) grant to demonstrate the viability of Enhanced Geothermal System (EGS) technology at its Raft River site in Nevada. The Raft River site is one of 21 projects with up to US$78 million in funding by the DOE for research and development of EGS. Please refer to page 282 of our August 2008 report *Alternative & Renewable Energy: The Choice of a New Generation* for further details on Enhanced Geothermal Systems.
- **Sierra Geothermal** (SRA-V) satisfied earn-in requirements of US$5.25 million to receive a 100% interest in the Reese River geothermal power project in Nevada. Geothermex Inc., a leading geothermal resource consultant, estimates there is a 90% probability that the site will support at least 26 MW for 20 years, and a 50% probability that it will support 58 MW.

Exhibit 47: Geothermal Equities – Market Cap per Risked MW



Source: Bloomberg; Scotia Capital estimates.

Exhibit 47 shows the Canadian geothermal equities ranked by market capitalization per risked MW. Exhibit 48 on the following page shows detailed valuation metrics for the five Canadian geothermal plays.

Exhibit 48: Geothermal Producers Valuation Metrics

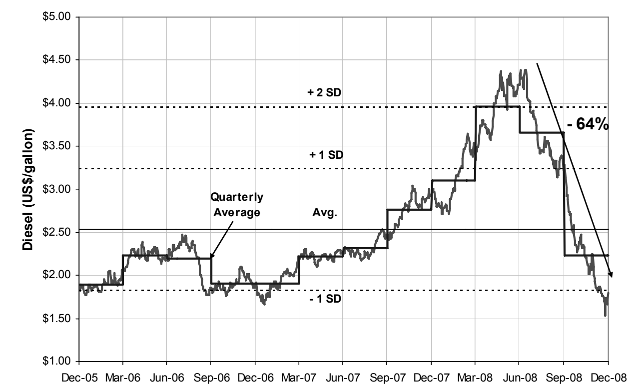
Company Name	Ticker	Last Price	52-Wk Low	52-Wk High	Shares O/S	Market Cap	Debt/ Equity	Debt/ Assets	Debt/ EBITDA	1-Month ROR	3-Month ROR	1-Year ROR
		12/31/08			(M)	(C$M)	(%)	(%)	(x)	(%)	(%)	(%)
Nevada Geothermal Pow er	NGP	$0.35	$0.28	$1.60	94.4	$33	113%	44%	-56.0x	3%	-72%	-72%
Polaris Geothermal	GEO	$0.28	$0.20	$1.69	75.3	$21	42%	26%	40.5x	4%	-76%	-76%
Sierra Geothermal Pow er	SRA	$0.11	$0.08	$0.89	-	-	-	-	-	-	-	-
US Geothermal	GTH	$0.96	$0.46	$4.05	62.0	$60	0%	0%	0.0x	75%	-59%	-76%
Western GeoPow er	WGP	$0.20	$0.12	$0.46	233.7	$47	2%	2%	-1.6x	33%	-43%	-56%
Average						**$40**	**39%**	**18%**	**-4.3x**	**29%**	**-63%**	**-70%**

Company Name	Enterprise Value to EBITDA			Price to Earnings			Price to Sales			Price to Cash Flow		
	2009E	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**	**2009E**	**2010E**	**2011E**
	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
Nevada Geothermal Pow er	-26.8x	8.5x	4.6x	-7.0x	-3.9x	-4.4x	-	0.8x	0.5x	-17.5x	-	-
Polaris Geothermal	299.9x	95.1x	-	-14.0x	1.6x	-	-	-	-	3.1x	0.8x	-
Sierra Geothermal Pow er	-	-	-	-	-	-	-	-	-	-	-	-
US Geothermal	-11.1x	2.7x	1.1x	-10.1x	123.1x	4.9x	23.8x	6.2x	2.1x	-14.8x	-74.4x	-
Western GeoPow er	0.9x	-	-	-	-	-	0.7x	-	-	1.7x	-	-
Average	**65.7x**	**35.4x**	**2.8x**	**-10.4x**	**40.2x**	**0.2x**	**12.2x**	**3.5x**	**1.3x**	**-6.9x**	**-36.8x**	**-**

Source: Reuters; Scotia Capital.

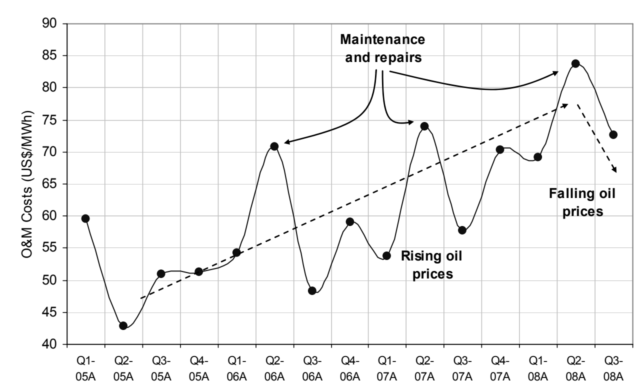
Biomass Economics Improving on Lower Oil Prices

Exhibit 49: Diesel Prices Have Dropped by 64% Since July



Source: Bloomberg; Scotia Capital.

Exhibit 50: Lower Diesel Should Improve Biomass Economics



Source: Bloomberg; Scotia Capital.

In our opinion, one renewable power source that should benefit from lower oil prices is wood-waste biomass power. Diesel gasoline prices, which can account for up to 25% of a wood-waste power facility's operating costs, have dropped by 64% over the past several months (Exhibit 49). If oil prices (98% correlated to diesel gasoline) stabilize in the US$40/bbl to US$50/bbl area, we could see margin expansion at many wood-residue biomass power plants on the order of 10% to 20%.

Within our coverage universe, Boralex is the only benefactor of these lower diesel prices, as about 70% to 75% of its revenue is generated from wood-waste biomass power plants. Exhibit 50 shows the impact of rising oil/diesel prices on Boralex wood-residue operating costs. We are warming up to wood-residue biomass investments in North America (ex mill-based feedstock), as project equity returns should become marginally more attractive than when we last tested the economics of a generic project, which assumed US$120/bbl oil and a US$4/gallon diesel gasoline price.

Given the U.S. housing market collapse and global recession fears in general, **we prefer those wood-residue biomass facilities that are not reliant on mill partnerships to supply fuel, such as Boralex's.** We have recently seen the (full and temporary) shutdown of several biomass facilities that were unable to economically source a new wood-residue supply following the closure of their mill-based partners/wood-waste providers. Over the past six months, Boralex Power Income Fund has closed two facilities in Quebec due to mill closures, while Boralex Inc., which predominantly uses wood-residue collected from the forest floor, has (1) not shut down any of its biomass plants; and (2) restarted its 18 MW Stacyville plant.

BIOMASS PROJECT DEVELOPMENTS

In late September, **Duke Energy** and French nuclear giant **Areva** announced a JV to build and operate up to 12 wood-residue biomass power plants over the next six years, for a total installed capacity of 600 MW. Eight other biomass facilities rated 40 MW or greater have been proposed at various locations throughout the United States.

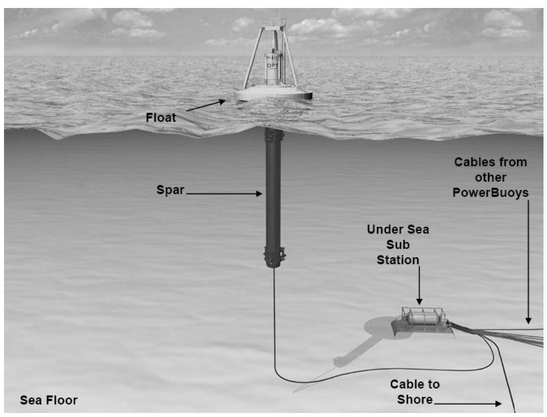
The Ontario Power Authority (OPA) is considering converting 500 MW (Atikokan and Thunder Bay) of coal-fired power plants to biomass plants. We have seen coal fired-power plants convert to biomass facilities at a cost of about $1.5 million per MW, or about half the cost for new biomass power plants.

Some Marine Power Investment Still Flowing…Surprisingly

Several private wave and tidal power development companies seem to have benefited from the seizure of global credit and equity markets, at least in the short term. Despite levelized energy costs that are significantly higher than onshore wind, run-of-river, geothermal, and biomass power, several wave and tidal power projects are still being financed. **Why?** Most of these projects are funded by large regulated utilities that have power portfolio mandates to invest not only in renewable power, but marine power specifically. Unlike publicly traded IPPs that may have significant challenges raising both debt and equity capital to finance future renewable power projects, the utilities that are funding most of the marine power projects have investment-grade credit ratings. Below, we have highlighted select wave and tidal power project developments.

WAVE POWER DEVELOPMENTS

Exhibit 51: Ocean Power Technologies' PowerBuoy



Source: Ocean Power Technologies.

Iberdrola Renovables (IBER-DE), traditionally known as one of the world's largest wind power developers, is further diversifying its renewable power portfolio to include the world's first commercial, utility-scale wave power project. The 1.4 MW facility will include several buoys developed by **Ocean Power Technologies** (OPTT-Q), ranging from 40 kW to 150 kW (Exhibit 51).

Ocean Power Technologies is developing a 0.5 MW PowerBuoy, which it claims could supply power for a levelized cost of 5¢ per kWh. We believe this estimate is **quite optimistic**, although given large economies of scale, and including numerous government subsidies and other financial incentives, it may be possible to achieve.

Energis de Portugal's (EDP PL) joint venture with **Babcock & Brown**, **Efacec**, and **Pelamis Wave Power Limited** has commissioned a 2.25 MW wave power project using three Pelamis Wave Energy Converters. Phase II of the project will consist of a further 25 machines being installed to bring total capacity to 21 MW. The power generated by the project is transmitted via a submarine cable and is fed directly onto Portugal's national distribution grid. The Agucadoura project is the first of a series of projects that the JV hopes to undertake.

We believe that Finavera Renewables will likely exit the wave power business in 2009. In October 2008, the Public Utilities Commission of California **denied** Pacific Gas & Electric's application to approve a wave power PPA with Finavera. This follows other problems the company has faced with wave power, as follows: (1) in August 2008, the company retrieved its AquaBuoy 2.0 wave energy converter from the seabed where it lay since sinking in October 2007; (2) the U.S. Federal Energy Regulatory Commission (FERC) rescinded a permit that allowed Finavera to study a potential 100 MW wave energy project off the Oregon coast; and (3) Finavera dropped a wave power demonstration project off the coast of Portugal, which has since been replaced by Pelamis technology (see above).

TIDAL POWER DEVELOPMENTS

ScottishPower announced that three potential sites are being investigated to develop the world's largest tidal power project at 60 MW.

OpenHydro has been selected by Électricité de France (EDF) to supply between four and ten tidal turbines with a total capacity of up to 4 MW. Commissioning of the pilot project is planned for 2011, and will be located in western France in the Paimpol-Brehat region.

The San Francisco Public Utility Commission is moving forward with plans to harness the tides surrounding the Golden Gate area, **despite a levelized cost that is nearly 10x that of wind power** (i.e., 85¢ to $1.40 per kWh).

Boralex Inc.

We rate Boralex 1-Sector Outperform with a one-year target price of $14.50 per share. Our risk ranking for Boralex is High.

F2009 OUTLOOK

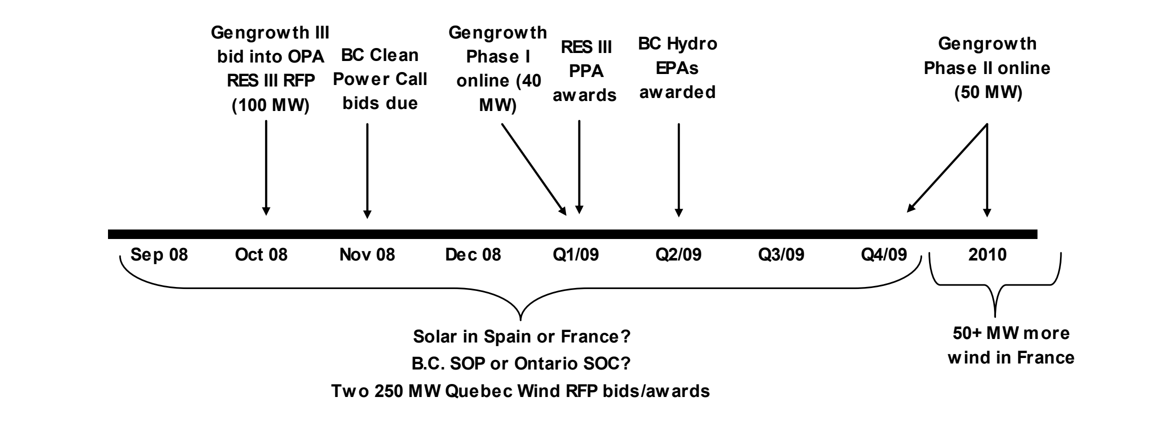
Our 75¢ 2009E diluted EPS is slightly above the Bloomberg consensus estimate of 73¢, in a wide 59¢ to 83¢ range.

We expect Boralex to generate about 1,673 GWh in fiscal 2009, which assumes that its 18 MW Stacyville biomass plant is shut down on March 31, 2009. The plant is currently contracted through March 2009, and given the recent and sharp drop in energy prices, we believe that the plant will not be economically viable to continue operating beyond then. We also expect Boralex's 40 MW Gengrowth I Ontario wind farm to be online by March 31. Our 2009 forecast generation mix for Boralex is 72% from wood-residue biomass operations, 19% from wind power, 7% from hydro, and the remainder from its natural gas cogeneration facility in France.

Our 2009 forecast total revenue from energy sales is $204.8 million, broken down as $154.1 million from generation revenue, $33.6 million from Connecticut REC sales, and $17.1 million in other financial subsidies/incentives. Other revenue, including Boralex's share in Boralex Power Income Fund's earnings as well as its BPT management revenue, should add an additional $3.9 million to the top line. We anticipate $77.7 million of EBITDA generated in fiscal 2009, or a 9.4% year-over-year increase from our $71 million 2008 EBITDA forecast**. Our 75¢ 2009E diluted EPS is slightly above the Bloomberg consensus estimate of 73¢, in a wide 59¢ to 83¢ range.**

Throughout the year, we also anticipate Boralex will bid renewable projects into one or two small Hydro-Quebec wind RFPs, as well as the Ontario (more likely) and/or B.C. (less likely) standard offer programs. In Europe, we could see solar development by Boralex in France or Spain, and wind power growth in France or possibly Italy. Exhibit 52 shows recent and upcoming stock catalysts heading into 2009.

Exhibit 52: Recent and Upcoming Stock Catalysts & Events



Source: Scotia Capital estimates.

RECENT DEVELOPMENTS

- On the back of a 52% share price decline since being awarded two long-term power purchase agreements by Hydro-Quebec in May, **Boralex announced on October 1 that it had temporarily suspended the trading restrictions on insider transactions of its shares.** The board justified the move by stating that it would be in the best interest of shareholders.
- Two wind farm projects located in Maine totalling between 155 MW and 175 MW are near the front of the New England Power Pool (NEPOOL) queue, according to a principal from *Independent Wind*. The company and its management partner, Wagner Forest Management, are now seeking debt financing and tax equity investors for its US$135 million 55 MW Record Hill wind project, as well as its US$300 million 100 MW to 120 MW Highland wind project. The anticipated commissioning dates for the two projects are between 2010 and 2011, respectively. **The addition of the wind farms into the NEPOOL market could put pressure on future Connecticut Class I Renewable Energy Credit (REC) prices.**
- **On September 10, Boralex Power Income Fund temporarily ceased operations at its 34.6 MW wood-residue plant located in Senneterre, Quebec, due to challenges in securing a steady wood-residue supply from local sawmills.** Additionally, the fund's 28 MW wood-residue Dolbeau facility is facing similar challenges and will preserve its wood-residue inventory to maximize its exposure to capacity premiums. Boralex owns 23% of the Fund.

We do not anticipate Boralex will require new equity to finance its currently contracted renewable power projects.

DEBT SUMMARY

Boralex has $58.7 million of cash on hand, coupled with unused and available credit of €170.8 million, which stems from its €265 million master financing agreement for wind facilities in France. We believe the current master financing agreement will expire in 2010. Additionally, Boralex has about $15 million of further borrowing capacity under a revolving line of credit. Exhibit 53 summarizes Boralex's long-term debt and credit facilities.

Exhibit 53: Debt Summary as at Q3/08

Credit Facilities	Amount (000s)	Interest (%)	Term	Maturity	Security
Bridge financing credit facility	€ 6,800	EURIBOR + n.a.		2008	Secured
Master Agreement - Wind Power Projects*	€ 94,150	4.990%	Interest + principal	2017-2022	Max senior/max junior secured
LOC to cover Working Capital**	€ 0	EURIBOR + n.a.		2017-2022	Max senior/max junior secured
LOC to cover Working Capital***	€ 0	EURIBOR + n.a.		2017-2022	Max senior/max junior secured
Term Loan - Nibas Wind Farm	€ 7,417	5.000%	Interest + principal	2016	Secured
Term Loan - Stratton Power Station	$2,896	5.630%	Interest + principal	2010	Secured
Capital Leases	€ 9,111	5.710%	Interest + principal	2012-2015	
Other	$3,608				
Deferred financing costs	($3,986)				
Total credit facilities (Q3/08)	$165,315				
Less: current portion of credit facilities	($25,761)				
Long-term credit facilities (Q3/08)	**$139,554**				

*About €170.85 million remains undrawn and available through 2010, as at Q3/08.
** €5.03 million available.
*** €0.56 million available.

Source: Boralex; Scotia Capital.

While we do not anticipate that Boralex will require new equity to finance its contracted renewable power projects, a change in its targeted capital structure could force the company to raise additional equity. Boralex's targeted capital structure is currently 80% debt and 20% equity, which, historically, is about average for many independent power producers in North America.

Within Exhibits 54 through 56, we have introduced our 2010E quarterly financial model forecasts for Boralex.

Exhibit 54: Boralex – Income Statement

	2007	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Generation Revenue	$138,216	$155,600	$43,919	$34,512	$34,451	$41,220	$154,101	$48,083	$38,964	$39,099	$48,554	$174,700	$187,697	$198,540
REC Revenue	$24,600	$35,967	$8,882	$7,972	$8,457	$8,243	$33,555	$8,965	$8,047	$8,536	$8,320	$33,869	$34,186	$34,506
Incentives	$9,918	$13,340	$4,666	$3,922	$4,302	$4,227	$17,116	$4,913	$4,384	$4,728	$4,759	$18,785	$19,737	$20,643
Operating Costs	$111,281	$131,470	$36,092	$27,227	$29,623	$31,362	$124,304	$37,210	$30,420	$33,080	$35,190	$135,900	$139,732	$143,273
	$61,612	**$73,436**	**$21,375**	**$19,180**	**$17,587**	**$22,327**	**$80,469**	**$24,752**	**$20,975**	**$19,284**	**$26,443**	**$91,455**	**$101,888**	**$110,417**
Share in Fund Earnings	$6,830	$8,518	$3,375	$1,775	$1,425	$2,300	$8,875	$3,375	$1,775	$1,425	$2,300	$8,875	$8,875	$8,875
Fund Management Revenue	$5,602	$5,470	$1,375	$1,386	$1,383	$1,464	$5,607	$1,409	$1,420	$1,417	$1,500	$5,747	$5,890	$6,038
CO_2 Quota Revenue	$300	$646	$0	$475	$475	$158	$1,109	$0	$518	$518	$173	$1,210	$1,304	$1,243
Other Revenue	$2,001	$426	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$76,186	**$88,496**	**$26,125**	**$22,816**	**$20,870**	**$26,249**	**$96,060**	**$29,535**	**$24,689**	**$22,645**	**$30,416**	**$107,286**	**$117,958**	**$126,573**
Expenses														
Management & Operation of the Fund	$4,510	$4,123	$1,082	$1,082	$1,082	$1,082	$4,329	$1,136	$1,136	$1,136	$1,136	$4,546	$4,773	$5,012
Administration Costs	$13,038	$13,366	$3,500	$3,500	$3,500	$3,500	$14,000	$3,750	$3,750	$3,750	$3,750	$15,000	$15,000	$16,000
	$17,548	$17,489	$4,582	$4,582	$4,582	$4,582	$18,329	$4,886	$4,886	$4,886	$4,886	$19,546	$19,773	$21,012
EBITDA	**$58,638**	**$71,007**	**$21,543**	**$18,233**	**$16,288**	**$21,667**	**$77,731**	**$24,649**	**$19,803**	**$17,759**	**$25,530**	**$87,740**	**$98,185**	**$105,561**
Amortization	$23,118	$24,220	$6,000	$6,750	$6,750	$6,750	$26,250	$6,750	$6,750	$7,688	$7,688	$28,875	$30,750	$34,093
Financing Costs	$11,886	$12,377	$2,194	$3,132	$3,105	$3,094	$11,525	$3,037	$3,193	$4,621	$4,842	$15,693	$19,360	$22,088
Financial Instruments		$94	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unusual Items	($5,875)	($129)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$29,129	$36,562	$8,194	$9,882	$9,855	$9,844	$37,775	$9,787	$9,943	$12,308	$12,529	$44,568	$50,110	$56,181
Earnings from Continuing Operations before Taxes	$29,509	$34,445	$13,349	$8,351	$6,433	$11,823	$39,955	$14,862	$9,860	$5,450	$13,000	$43,172	$48,075	$49,381
Current Income Tax Expense	$109	$2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Future Income Tax Expense	$8,348	$11,965	$3,738	$2,338	$1,801	$3,310	$11,187	$4,161	$2,761	$1,526	$3,640	$12,088	$13,461	$13,827
	$21,052	$22,478	$9,611	$6,013	$4,631	$8,513	$28,768	$10,700	$7,099	$3,924	$9,360	$31,084	$34,614	$35,554
Non-Controlling Interests	$70	($112)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Earnings from Continuing Operations	**$21,122**	**$22,366**	**$9,611**	**$6,013**	**$4,631**	**$8,513**	**$28,768**	**$10,700**	**$7,099**	**$3,924**	**$9,360**	**$31,084**	**$34,614**	**$35,554**
Loss from Discontinued Operations	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Earnings	**$21,122**	**$22,366**	**$9,611**	**$6,013**	**$4,631**	**$8,513**	**$28,768**	**$10,700**	**$7,099**	**$3,924**	**$9,360**	**$31,084**	**$34,614**	**$35,554**
Basic shares - opening	30,049.6	37,454.6	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4
Plus: Equity issued	7,405.0	329.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Share buyback	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic shares - closing	37,454.6	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4
Average Shares O/S - Basic (000s)	34,374.3	37,860.5	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4	37,819.4
Average Dilution (000s)	658.9	623.3	524.6	524.6	524.6	524.6	524.6	524.6	524.6	524.6	524.6	524.6	524.6	524.6
Average Shares O/S - Diluted (000s)	35,033.2	38,439.7	38,344.0	38,344.0	38,344.0	38,344.0	38,344.0	38,344.0	38,344.0	38,344.0	38,344.0	38,344.0	38,344.0	38,344.0
EPS (Basic)	**$0.61**	**$0.59**	**$0.25**	**$0.16**	**$0.12**	**$0.23**	**$0.76**	**$0.28**	**$0.19**	**$0.10**	**$0.25**	**$0.82**	**$0.92**	**$0.94**
EPS (Diluted)	**$0.60**	**$0.58**	**$0.25**	**$0.16**	**$0.12**	**$0.22**	**$0.75**	**$0.28**	**$0.19**	**$0.10**	**$0.24**	**$0.81**	**$0.90**	**$0.93**

Source: Company reports; Scotia Capital estimates.

Exhibit 55: Boralex – Balance Sheet

	2007	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Assets														
Current Assets														
Cash and cash equivalents	$79,195	$57,896	$63,077	$65,814	$66,923	$72,577	$72,577	$56,983	$37,988	$15,870	$428	$428	$39,841	$88,077
A/R	$39,200	$42,658	$42,658	$42,658	$42,658	$42,658	$42,658	$42,658	$42,658	$42,658	$42,658	$42,658	$42,658	$42,658
Inventory	$8,002	$8,491	$8,491	$8,491	$8,491	$8,491	$8,491	$8,491	$8,491	$8,491	$8,491	$8,491	$8,491	$8,491
Future Income Taxes	$2,394	$850	$850	$850	$850	$850	$850	$850	$850	$850	$850	$850	$850	$850
Prepaids	$2,171	$2,852	$2,852	$2,852	$2,852	$2,852	$2,852	$2,852	$2,852	$2,852	$2,852	$2,852	$2,852	$2,852
	$130,962	$112,747	$117,928	$120,665	$121,774	$127,428	$127,428	$111,834	$92,839	$70,721	$55,279	$55,279	$94,692	$142,928
Investment	$67,321	$66,613	$67,578	$66,944	$65,959	$65,850	$65,850	$66,816	$66,181	$65,197	$65,087	$65,087	$64,325	$63,562
Property, plant and equipment	$258,712	$306,368	$316,960	$326,803	$336,645	$346,488	$346,488	$475,936	$605,385	$733,896	$862,407	$862,407	$852,530	$818,437
Electricity sales contracts	$18,527	$23,917	$23,917	$23,917	$23,917	$23,917	$23,917	$23,917	$23,917	$23,917	$23,917	$23,917	$23,917	$23,917
Future Income Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Assets	$39,209	$56,928	$56,928	$56,928	$56,928	$56,928	$56,928	$56,928	$56,928	$56,928	$56,928	$56,928	$56,928	$56,928
Total Assets	**$514,731**	**$566,572**	**$583,312**	**$595,256**	**$605,224**	**$620,611**	**$620,611**	**$735,431**	**$845,250**	**$950,659**	**$1,063,618**	**$1,063,618**	**$1,092,392**	**$1,105,772**
Liabilities														
Current Liabilities														
Bank loans and advances	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
A/P and accrued liabilities	$20,869	$18,952	$18,952	$18,952	$18,952	$18,952	$18,952	$18,952	$18,952	$18,952	$18,952	$18,952	$18,952	$18,952
Income taxes	$1,481	$1,215	$1,215	$1,215	$1,215	$1,215	$1,215	$1,215	$1,215	$1,215	$1,215	$1,215	$1,215	$1,215
Current portion of long-term debt	$26,786	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000
	$49,136	$56,167	$56,167	$56,167	$56,167	$56,167	$56,167	$56,167	$56,167	$56,167	$56,167	$56,167	$56,167	$56,167
Long-Term Debt	$148,747	$140,490	$144,764	$149,038	$153,312	$157,586	$157,586	$257,545	$357,504	$457,462	$557,421	$557,421	$538,120	$502,120
Future Income taxes	$23,430	$36,657	$40,395	$42,733	$44,534	$47,845	$47,845	$52,006	$54,767	$56,293	$59,933	$59,933	$73,394	$87,220
Deferred Revenue	$6,642	$4,149	$3,266	$2,585	$1,846	$1,136	$1,136	$1,136	$1,136	$1,136	$1,136	$1,136	$1,136	$1,136
Fair value of derivatives	$1,400	$256	$256	$256	$256	$256	$256	$256	$256	$256	$256	$256	$256	$256
Non-controlling interest	$607	$729	$729	$729	$729	$729	$729	$729	$729	$729	$729	$729	$729	$729
Total Liabilities	$229,962	$238,448	$245,577	$251,508	$256,844	$263,719	$263,719	$367,839	$470,558	$572,043	$675,642	$675,642	$669,802	$647,628
Shareholders' Equity														
Capital Stock + Contributed Surplus	$223,531	$225,906	$225,906	$225,906	$225,906	$225,906	$225,906	$225,906	$225,906	$225,906	$225,906	$225,906	$225,906	$225,906
Retained Earnings	$115,669	$137,953	$147,564	$153,577	$158,208	$166,721	$166,721	$177,421	$184,520	$188,445	$197,805	$197,805	$232,419	$267,973
Acc. other comp. income	($54,431)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)	($35,735)
Total Shareholders Equity	$284,769	$328,124	$337,735	$343,748	$348,379	$356,892	$356,892	$367,592	$374,691	$378,616	$387,976	$387,976	$422,590	$458,144
Total Liabilities and Shareholders Equity	**$514,731**	**$566,572**	**$583,312**	**$595,256**	**$605,224**	**$620,611**	**$620,611**	**$735,431**	**$845,250**	**$950,659**	**$1,063,618**	**$1,063,618**	**$1,092,392**	**$1,105,772**

Source: Company reports; Scotia Capital estimates.

Exhibit 56: Boralex – Cash Flow Statement

	2007	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Operating Activities														
Earnings from continuing operations	$21,545	$22,366	$9,611	$6,013	$4,631	$8,513	$28,768	$10,700	$7,099	$3,924	$9,360	$31,084	$34,614	$35,554
Distributions received from the Fund	$12,391	$10,327	$2,409	$2,409	$2,409	$2,409	$9,638	$2,409	$2,409	$2,409	$2,409	$9,638	$9,638	$9,638
Items not affecting cash:														
Share in earnings of the Fund	($6,830)	($8,518)	($3,375)	($1,775)	($1,425)	($2,300)	($8,875)	($3,375)	($1,775)	($1,425)	($2,300)	($8,875)	($8,875)	($8,875)
Amortization	$22,615	$24,220	$6,000	$6,750	$6,750	$6,750	$26,250	$6,750	$6,750	$7,688	$7,688	$28,875	$30,750	$34,093
Amortization of deferred financing costs	$1,807	$2,644	$500	$500	$500	$500	$2,000	$500	$500	$500	$500	$2,000	$2,000	$2,000
Future income taxes	$8,348	$10,545	$3,738	$2,338	$1,801	$3,310	$11,187	$4,161	$2,761	$1,526	$3,640	$12,088	$13,461	$13,827
U.S Production Tax Credit	($4,460)	($4,252)	($883)	($681)	($739)	($710)	($3,013)	$0	$0	$0	$0	$0	$0	$0
Unusual items	($5,875)	$319	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other (incl. change in FV of energy swaps from 2005)	$2,007	$578	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash flow from operations	**$51,548**	**$58,229**	**$18,000**	**$15,555**	**$13,928**	**$18,472**	**$65,955**	**$21,146**	**$17,744**	**$14,622**	**$21,297**	**$74,810**	**$81,587**	**$86,237**
Net change in non-cash working capital balances	($16,491)	($7,222)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$35,057	**$51,007**	**$18,000**	**$15,555**	**$13,928**	**$18,472**	**$65,955**	**$21,146**	**$17,744**	**$14,622**	**$21,297**	**$74,810**	**$81,587**	**$86,237**
Investing Activities														
Business acquisitions	$0	($5,156)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchases of property, plant and equipment	($21,859)	($41,495)	($16,593)	($16,593)	($16,593)	($16,593)	($66,370)	($136,199)	($136,199)	($136,199)	($136,199)	($544,794)	($20,873)	$0
Proceeds on disposal of property, plant and equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Change in restricted funds held for for the debt service	$6,237	($25)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Reimbursement from lease financings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Development projects (and "Other")	($7,506)	($24,277)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	($23,128)	**($70,953)**	**($16,593)**	**($16,593)**	**($16,593)**	**($16,593)**	**($66,370)**	**($136,199)**	**($136,199)**	**($136,199)**	**($136,199)**	**($544,794)**	**($20,873)**	**$0**
Financing Activities														
Bank loans and advances	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Increase in long-term debt	$151,437	$20,175	$13,274	$13,274	$13,274	$13,274	$53,096	$108,959	$108,959	$108,959	$108,959	$435,835	$16,699	$0
Payments of long-term debt	($198,454)	($26,656)	($9,000)	($9,000)	($9,000)	($9,000)	($36,000)	($9,000)	($9,000)	($9,000)	($9,000)	($36,000)	($36,000)	($36,000)
Financing Costs	($2,011)	($651)	($500)	($500)	($500)	($500)	($2,000)	($500)	($500)	($500)	($500)	($2,000)	($2,000)	($2,000)
Net proceeds on issuance of shares (buyback)	$105,307	$1,521	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monetization program, net of related expenses	($593)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	($50)	$7	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$55,636	**($5,604)**	**$3,774**	**$3,774**	**$3,774**	**$3,774**	**$15,096**	**$99,459**	**$99,459**	**$99,459**	**$99,459**	**$397,835**	**($21,301)**	**($38,000)**
Translation adjustments on cash and cash equivalents	($2,269)	$4,251	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net change in cash and cash equivalents from continuing ops	$65,296	($21,299)	$5,182	$2,736	$1,109	$5,654	$14,681	($15,594)	($18,996)	($22,117)	($15,442)	($72,149)	$39,413	$48,237
Net change in cash and cash equivalents from discontinued ops	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net change in cash and cash equivalents	**$65,296**	**($21,299)**	**$5,182**	**$2,736**	**$1,109**	**$5,654**	**$14,681**	**($15,594)**	**($18,996)**	**($22,117)**	**($15,442)**	**($72,149)**	**$39,413**	**$48,237**
Cash and cash equivalents - beginning of period	$13,899	$79,195	$57,896	$63,077	$65,814	$66,923	$57,896	$72,577	$56,983	$37,988	$15,870	$72,577	$428	$39,841
Cash and cash equivalents - end of period	**$79,195**	**$57,896**	**$63,077**	**$65,814**	**$66,923**	**$72,577**	**$72,577**	**$56,983**	**$37,988**	**$15,870**	**$428**	**$428**	**$39,841**	**$88,077**

Source: Company reports; Scotia Capital estimates.

Canadian Hydro Developers Inc.

We rate Canadian Hydro Developers 1-Sector Outperform with a one-year target price of $6.50 per share. Our risk ranking for Canadian Hydro Developers is High.

F2009 OUTLOOK

We anticipate KHD's realized price per MWh in 2009 will come in at $87, or a 13% year-over-year increase.

We expect 2009 to be a big year for Canadian Hydro Developers (KHD), with a forecast 62% year-over-year increase in annual power generation to 1,814 GWh from 1,122 GWh. The surge in new power should come from: (1) the November 2008 commissioning of Melancthon II, a 132 MW wind farm in Ontario; and (2) the 1H/09 commissioning of Wolfe Island, a 197.8 MW wind farm in Ontario. Our forecast 2009 generation mix for Canadian Hydro Developers is 72.4% wind power, 20.3% hydro power, and 7.3% biomass.

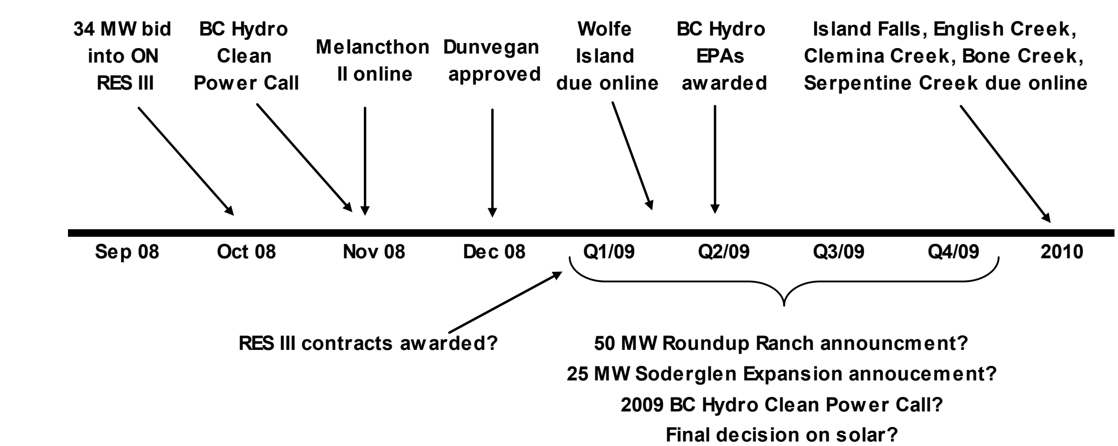
Our 2009 total revenue forecast is for $157.5 million, equating to an average realized price of about $87/MWh, up from our expected 2008 average realized price of $77/MWh. We anticipate year-over-year EBITDA growth of slightly over 100% to $110.8 million. Our 19¢ 2009E diluted EPS is in line with the Bloomberg consensus estimate of 19.3¢, in a wide 10¢ to 28¢ range. We believe that analysts' 2009 EPS estimates have been coming down over the past several weeks as a response to KHD's decision to postpone the Q4/09 commissioning of several hydro sites to Q4/10.

In addition to KHD approximately doubling its installed capacity in 2009, the company finally received regulatory approval to move forward with its 100 MW Dunvegan hydro project in Alberta. If the project is constructed both on time and on budget, we could see an eventual share price pick-up of between $1.00 and $1.50.

We also look for the company to make a final decision on whether it will proceed with the development of two 10 MW solar projects in Ontario priced at $420/MWh. Finally, we expect the results of the BC Hydro Clean Power Call to be released following the May 12, 2009, B.C. government election. KHD bid up to 55 MW into the Call (Exhibit 57).

KHD's 100 MW Dunvegan hydro project received regulatory approval in late Q4/08.

Exhibit 57: Recent and Upcoming Stock Catalysts & Events



Source: Scotia Capital estimates.

RECENT DEVELOPMENTS

- Canadian Hydro Developers successfully commissioned its 132.5 MW Melancthon II wind farm in Ontario, which sells power to the Ontario Power Authority (OPA) under a 20-year Renewable Energy Supply contract.
- Under the OPA's 500 MW RES III RFP, Canadian Hydro Developers bid its 34 MW Parkhill project (Appendix 2).
- In its Q3/08 earnings release, Canadian Hydro Developers announced a **one-year delay** to one Ontario and four B.C. hydro projects. **Why?** When KHD requested construction contracts for these projects, soaring capital costs would have resulted in uneconomic and possibly cancelled projects. Given the recent free fall of steel, concrete, and labour costs that KHD expects to continue over the short term, we anticipate the company to finalize these contracts in early to mid-2009, and to meet its original capital cost estimates.

We estimate that KHD requires only $28 million of debt financing in 2009.

DEBT SUMMARY

As at the end of Q3/08, Canadian Hydro Developers had $38.4 million of cash on hand. In mid-June, the company: (1) amended an existing credit agreement of $370.8 million, adding an additional $312.5 million of unsecured credit facilities; and (2) closed a private placement of $79.5 million 10-year debentures that was used to repay its Le Nordais acquisition facility. In our opinion, Canadian Hydro Developers' current debt to equity mix of 59%/41%, up from 46%/54% at the end of 2007, better represents a post-credit crunch world of project financial capital structures. **We estimate that KHD requires only $28 million of debt financing in 2009.** Exhibit 58 summarizes KHD's Q3/08 credit facilities.

Exhibit 58: Debt Summary as at Q3/08

Credit Facilities	Amount ($000s)	Interest (%)	Term	Maturity	Security
Series 1 Debentures	$120,000	5.334%	10 years, interest only	2015	Senior unsecured
Series 2 Debentures	$27,000	5.690%	10 years, interest only	2016	Senior unsecured
Series 3 Debentures	$121,000	5.770%	12 years, interest only	2018	Senior unsecured
Series 4 Debentures	$55,500	7.027%	10 years, interest only	2018	Senior unsecured
Series 5 Debentures	$20,400	7.308%	10 years	2018	Senior unsecured
Pingston Debt	$35,000	5.281%	10 years, interest only	2015	Secured
Melancthon II Construction Facility	$129,000	BAs +0.70%	3.5 years		Unsecured
Wolfe Island Construction Facility	$148,700	4.403%	3.5 years		Unsecured
Operating Facility	$55,000	BAs +1.375%	364-day revolver		
Mortgage (Cowley)	$5,788	10.867%	Interest + principal monthly	2013	Secured
Mortgage	$1,555	10.700%	Interest + principal monthly	2010	Secured
Mortgage	$1,594	10.680%	Interest + principal monthly	2012	Secured
Promissory Note	$813	6.000%	Interest + principal monthly	2012	Secured
Deferred financing costs	($2,973)				
Total credit facitlities (Q3/08)	**$718,377**				
Less: Current portion of credit facilities	($2,218)				
Long-term credit facilities (Q3/08)	**$716,159**				
Cash on hand (Q3/08)	**$38,370**				

Source: Company reports; Scotia Capital.

Within Exhibits 59 through 61, we have introduced our 2010E quarterly financial model forecasts for Canadian Hydro Developers.

Exhibit 59: Canadian Hydro Developers – Income Statement

($000s)	2007A	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Energy Sales	**$63,195**	**$85,962**	$33,017	$35,170	$32,460	$56,245	**$156,892**	$50,694	$41,477	$33,124	$59,989	**$185,284**	**$209,121**	**$211,431**
Revenue Rebate	$562	$590	$176	$130	$108	$200	$614	$183	$136	$113	$209	$641	$670	$700
Total Revenue	**$63,757**	**$86,553**	**$33,193**	**$35,300**	**$32,568**	**$56,445**	**$157,506**	**$50,877**	**$41,613**	**$33,237**	**$60,198**	**$185,925**	**$209,791**	**$212,132**
Operating Costs	**$19,213**	**$24,505**	$8,253	$8,579	$9,186	$10,550	**$36,568**	$11,835	$10,232	$9,296	$12,228	**$43,592**	**$47,653**	**$47,653**
Amortization	**$15,508**	**$21,211**	$5,375	$9,133	$9,133	$9,133	**$32,775**	$10,883	$10,883	$10,883	$12,074	**$44,724**	**$48,296**	**$48,296**
Admin. (incl. stock comp)	**$6,395**	**$7,501**	$2,541	$2,541	$2,541	$2,541	**$10,164**	$2,380	$2,380	$2,380	$2,380	**$9,521**	**$9,901**	**$9,901**
Interest on LTD	**$14,847**	**$22,346**	$7,869	$11,717	$11,717	$11,717	**$43,019**	$12,275	$12,275	$12,275	$13,857	**$50,681**	**$55,427**	**$52,908**
Interest income	**($1,451)**	**($896)**	($410)	($501)	($580)	($652)	**($2,142)**	($941)	($1,132)	($1,247)	($1,320)	**($4,641)**	**($7,538)**	**($10,024)**
Write-off (gain) of asset/prospect sales	**$442**	**$188**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
FX loss (gain)	**$1,585**	**$583**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Loss (gain) on derivatives	**($363)**	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Other	**$1,664**	**$771**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Total expenses	**$56,176**	**$75,439**	**$23,629**	**$31,469**	**$31,997**	**$33,289**	**$120,384**	**$36,433**	**$34,638**	**$33,587**	**$39,219**	**$143,877**	**$153,739**	**$148,733**
Earnings before tax expense	**$7,581**	**$11,114**	**$9,564**	**$3,831**	**$572**	**$23,156**	**$37,122**	**$14,445**	**$6,976**	**($350)**	**$20,979**	**$42,049**	**$56,052**	**$63,398**
Current tax	**$1,964**	**$2,258**	$359	$144	$21	$868	**$1,392**	$542	$262	($13)	$787	**$1,577**	**$2,102**	**$2,377**
Future tax	**($2,726)**	**$2,768**	$2,032	$814	$121	$4,921	**$7,888**	$3,069	$1,482	($74)	$4,458	**$8,935**	**$11,911**	**$13,472**
Net income	**$8,343**	**$6,088**	**$7,173**	**$2,873**	**$429**	**$17,367**	**$27,842**	**$10,833**	**$5,232**	**($263)**	**$15,734**	**$31,536**	**$42,039**	**$47,549**
Basic shares - opening	119,652.0	141,835.0	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2
Plus: Equity issued/warrant conversion	22,183.0	1,666.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Share buyback	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic shares - closing	141,835.0	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2
Average Shares O/S - Basic (000s)	130,648.0	143,141.7	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2	143,611.2
Average Dilution (000s)	2,667.7	2,135.1	2,389.8	2,389.8	2,389.8	2,389.8	2,389.8	2,389.8	2,389.8	2,389.8	2,389.8	2,389.8	2,389.8	2,389.8
Average Shares O/S - Diluted (000s)	133,315.7	145,276.8	146,001.0	146,001.0	146,001.0	146,001.0	146,001.0	146,001.0	146,001.0	146,001.0	146,001.0	146,001.0	146,001.0	146,001.0
EPS (Basic)	**$0.06**	**$0.04**	**$0.05**	**$0.02**	**$0.00**	**$0.12**	**$0.19**	**$0.08**	**$0.04**	**($0.00)**	**$0.11**	**$0.22**	**$0.29**	**$0.33**
EPS (Diluted)	**$0.06**	**$0.04**	**$0.05**	**$0.02**	**$0.00**	**$0.12**	**$0.19**	**$0.07**	**$0.04**	**($0.00)**	**$0.11**	**$0.22**	**$0.29**	**$0.33**
EBITDA	**$38,149**	**$54,547**	**$22,399**	**$24,180**	**$20,841**	**$43,354**	**$110,774**	**$36,661**	**$29,001**	**$21,560**	**$45,589**	**$132,812**	**$152,237**	**$154,578**
EBITDA/MWh	$41	$49	$59	$57	$54	$69	$61	$66	$60	$56	$69	$64	$66	$67

Source: Company reports; Scotia Capital estimates.

Exhibit 60: Canadian Hydro Developers – Balance Sheet

($000s)	2007A	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Assets														
Current Assets														
Cash and cash equivalents	$22,785	$40,950	$50,078	$58,002	$65,185	$94,106	$94,106	$113,232	$124,691	$132,037	$161,303	$161,303	$239,047	$274,951
Accounts receivable	$11,897	$18,227	$18,227	$18,227	$18,227	$18,227	$18,227	$18,227	$18,227	$18,227	$18,227	$18,227	$18,227	$18,227
Revenue rebate	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Prepaid expenses	$568	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575
Taxes receivable	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Derivative financial instruments	$0	$1,963	$1,963	$1,963	$1,963	$1,963	$1,963	$1,963	$1,963	$1,963	$1,963	$1,963	$1,963	$1,963
	$35,250	$62,715	$71,843	$79,767	$86,950	$115,871	$115,871	$134,997	$146,456	$153,802	$183,068	$183,068	$260,812	$296,716
Deferred financing costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital assets	$797,387	$1,264,000	$1,290,359	$1,316,381	$1,327,023	$1,325,409	$1,325,409	$1,327,826	$1,332,633	$1,322,749	$1,310,675	$1,310,675	$1,314,891	$1,553,661
Development costs	$117,277	$45,377	$45,377	$45,377	$45,377	$45,377	$45,377	$45,377	$45,377	$45,377	$45,377	$45,377	$45,377	$45,377
Total Assets	$949,914	$1,372,092	$1,407,578	$1,441,525	$1,459,350	$1,486,657	$1,486,657	$1,508,200	$1,524,466	$1,521,928	$1,539,120	$1,539,120	$1,621,080	$1,895,754
Liabilities														
Current Liabilities														
Revolver	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
A/P and accrued liabilities	$12,084	$38,766	$38,766	$38,766	$38,766	$38,766	$38,766	$38,766	$38,766	$38,766	$38,766	$38,766	$38,766	$38,766
CP LTD	$2,825	$12,000	$12,500	$13,000	$13,500	$14,000	$14,000	$14,500	$15,000	$15,500	$16,000	$16,000	$18,000	$20,000
Deferred credit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Derivative liability	$1,703	$988	$988	$988	$988	$988	$988	$988	$988	$988	$988	$988	$988	$988
Other liabilities (incl. bridge for now)	$72,300	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Taxes payable	$304	$535	$535	$535	$535	$535	$535	$535	$535	$535	$535	$535	$535	$535
	$89,216	$52,289	$52,789	$53,289	$53,789	$54,289	$54,289	$54,789	$55,289	$55,789	$56,289	$56,289	$58,289	$60,289
Long-Term Debt	$339,631	$778,198	$803,479	$832,738	$849,013	$853,032	$853,032	$859,672	$868,224	$865,024	$861,024	$861,024	$885,034	$1,094,687
Future income taxes	$39,091	$41,790	$43,823	$44,637	$44,758	$49,679	$49,679	$52,748	$54,230	$54,156	$58,614	$58,614	$70,525	$83,997
Total Liabilities	$467,938	$872,277	$900,090	$930,664	$947,561	$957,000	$957,000	$967,210	$977,744	$974,969	$975,927	$975,927	$1,013,848	$1,238,973
Shareholders' Equity														
Share capital	$448,031	$455,066	$455,066	$455,066	$455,066	$455,066	$455,066	$455,066	$455,066	$455,066	$455,066	$455,066	$455,066	$455,066
Contributed surplus	$4,299	$5,836	$5,836	$5,836	$5,836	$5,836	$5,836	$5,836	$5,836	$5,836	$5,836	$5,836	$5,836	$5,836
Retained earnings	$31,349	$37,437	$44,610	$47,483	$47,912	$65,278	$65,278	$76,112	$81,344	$81,081	$96,815	$96,815	$138,854	$186,403
Accumulated comprehensive income (loss)	($1,703)	$1,476	$1,976	$2,476	$2,976	$3,476	$3,476	$3,976	$4,476	$4,976	$5,476	$5,476	$7,476	$9,476
Total Shareholders Equity	$481,976	$499,815	$507,488	$510,861	$511,790	$529,656	$529,656	$540,990	$546,722	$546,959	$563,193	$563,193	$607,232	$656,781
Total Liabilities and Shareholders Equity	$949,914	$1,372,092	$1,407,578	$1,441,525	$1,459,350	$1,486,657	$1,486,657	$1,508,200	$1,524,466	$1,521,928	$1,539,120	$1,539,120	$1,621,080	$1,895,754

Source: Company reports; Scotia Capital estimates.

Exhibit 61: Canadian Hydro Developers – Cash Flow Statement

($000s)	2007A	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Operating Activities														
Net (loss) earnings	**$8,343**	**$6,088**	$7,173	$2,873	$429	$17,367	**$27,842**	$10,833	$5,232	($263)	$15,734	**$31,536**	**$42,039**	**$47,549**
Adjustments for:														
Amortization	**$15,508**	**$21,211**	$5,375	$9,133	$9,133	$9,133	**$32,775**	$10,883	$10,883	$10,883	$12,074	**$44,724**	**$48,296**	**$48,296**
(Gain) loss on derivatives and unrealized FX	($100)	**$5,698**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Stock compensation expense	**$2,288**	**$2,473**	$500	$500	$500	$500	**$2,000**	$500	$500	$500	$500	**$2,000**	**$2,000**	**$2,000**
(Gain) loss on sale of capital assets &/or development prospects	**$442**	**$188**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Future income tax (recovery) expense	($2,726)	**$2,768**	$2,032	$814	$121	$4,921	**$7,888**	$3,069	$1,482	($74)	$4,458	**$8,935**	**$11,911**	**$13,472**
Cash flow from operations	**$23,755**	**$38,426**	$15,081	$13,320	$10,183	$31,920	**$70,505**	$25,286	$18,097	$11,046	$32,766	**$87,195**	**$104,246**	**$111,317**
Net change in non-cash working capital balances	**$2,133**	**$4,520**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
	$25,888	**$42,946**	**$15,081**	**$13,320**	**$10,183**	**$31,920**	**$70,505**	**$25,286**	**$18,097**	**$11,046**	**$32,766**	**$87,195**	**$104,246**	**$111,317**
Financing Activities														
Net issue (buyback) of common shares	**$53,901**	**$6,530**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Long-term debt advances	**$10,000**	**$452,921**	$28,781	$32,760	$19,775	$7,519	**$88,835**	$10,640	$12,552	$800	$0	**$23,992**	**$42,010**	**$229,652**
Long-term debt repayments	($1,475)	($5,180)	($3,000)	($3,000)	($3,000)	($3,000)	**($12,000)**	($3,500)	($3,500)	($3,500)	($3,500)	**($14,000)**	**($16,000)**	**($18,000)**
Credit facilities advances (repayments)	**$87,970**	($72,300)	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Deferred financing costs	($85)	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Other	**$0**	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
	$150,311	**$381,971**	**$25,781**	**$29,760**	**$16,775**	**$4,519**	**$76,835**	**$7,140**	**$9,052**	($2,700)	($3,500)	**$9,992**	**$26,010**	**$211,652**
Investing Activities														
Capital asset additions, bus or prospect acquisitions	**($145,923)**	**($372,500)**	($31,734)	($35,156)	($19,775)	($7,519)	**($94,184)**	($13,300)	($15,690)	($1,000)	$0	**($29,990)**	**($52,512)**	**($287,066)**
Development costs	**($55,737)**	**($28,554)**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Working capital acquired on acquisition	**($13,423)**	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Proceeds on sale of capital assets &/or prospects	**$0**	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Other	**$0**	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
	($215,083)	($401,054)	($31,734)	($35,156)	($19,775)	($7,519)	($94,184)	($13,300)	($15,690)	($1,000)	**$0**	($29,990)	($52,512)	($287,066)
FX gain/(loss)														
Net change in cash and cash equivalents	($38,884)	**$18,165**	**$9,127**	**$7,924**	**$7,183**	**$28,920**	**$53,155**	**$19,126**	**$11,459**	**$7,346**	**$29,266**	**$67,197**	**$77,744**	**$35,904**
Cash and cash equivalents - beginning of period	**$61,669**	**$22,785**	$40,950	$50,078	$58,002	$65,185	**$40,950**	$94,106	$113,232	$124,691	$132,037	**$94,106**	**$161,303**	**$239,047**
Cash and cash equivalents - end of period	**$22,785**	**$40,950**	**$50,078**	**$58,002**	**$65,185**	**$94,106**	**$94,106**	**$113,232**	**$124,691**	**$132,037**	**$161,303**	**$161,303**	**$239,047**	**$274,951**

Source: Company reports; Scotia Capital estimates.

EarthFirst Canada Inc.

We rate EarthFirst 3-Sector Underperform with a one-year target price of $0 (nil) per share. Our risk ranking for EarthFirst is Caution Warranted.

CCAA THOUGHTS

On November 4, EarthFirst obtained creditor protection under the Companies' Creditor Arrangement Act (CCAA) following the unsuccessful pursuit of several strategic alternatives, including: (1) raising both debt and equity; and (2) a sale of the company or its assets. Based on our review of the company's CCAA-related filings with the Alberta courts, we have learned the following:

- Of the eight turbines that have been delivered to EarthFirst for Phase I of the project, two turbines have been erected and five more are scheduled to be erected shortly, with production commencing near the end of January 2009. **The company believes that it does not have sufficient cash available to bring these turbines into production.** We had previously assumed that financial challenges would occur in Phase II of its 144 MW wind project, and not during the commissioning of its first few turbines.
- **EarthFirst bid three projects into the BC Hydro Clean Power Call.** Based on our review of a filing by EarthFirst with the Alberta courts, the company projected spending slightly under $1 million on "Other Assets" through mid-December, including the BC Clean Power Call (Exhibit 62). **We believe BC Hydro will likely not award long-term power purchase agreements to these projects as financing risk is too high.** Financing challenges is the top reason for BC Hydro's high attrition rates for its last two power calls.

Exhibit 62: EarthFirst's Mid-Q4/08 P&L

	Total - weeks 1 to 5	Week 1 07-Nov-08	Week 2 14-Nov-08	Week 3 21-Nov-08	Week 4 28-Nov-08	Week 5 05-Dec-08
Interest revenues	64,878	-	-	-	64,878	-
Dokie I Project	(10,239,581)	-	-	(3,563,433)	-	(6,676,148)
Turbines (commissioning)	(2,313,425)	-	-	(2,200,175)	-	(113,250)
Other assets (BC clean power call)	(944,503)	(180,146)	-	(130,928)	-	(633,428)
General and administration expense	(424,375)	(137,796)	(103,518)	(45,834)	(96,018)	(41,209)
Director fees and employee retention	(990,500)	(990,500)	-	-	-	-
Interest expense	(82,504)	-	-	-	(82,504)	-
CCAA professional fees	(350,000)	(150,000)	(50,000)	(50,000)	(50,000)	(50,000)
Strategic review	(50,000)	-	-	-	(25,000)	(25,000)
GST/PST (net)	785,461	-	-	785,461	-	-
Land lease	(25,000)	(25,000)	-	-	-	-
Net change in cash	(14,569,548)	(1,483,442)	(153,518)	(5,204,909)	(188,644)	(7,539,035)
Opening cash	32,975,035	32,975,035	31,491,593	31,338,075	26,133,166	25,944,522
Ending cash	18,405,487	31,491,593	31,338,075	26,133,166	25,944,522	18,405,487

Source: EarthFirst; Ernst & Young; Court of Queen's Bench of Alberta, Judicial Centre of Calgary.

Despite the above, we believe there is a low probability that EarthFirst will manage to survive its financial dilemmas, and for that purpose only, we have introduced our 2010E quarterly financial model forecasts for EarthFirst.

We *strongly caution* investors that our EarthFirst financial model shown in Exhibits 63 through 65 excludes developments after September 30, including its CCAA creditor protection filing. We will update our EarthFirst financial model once there is clarity and certainty as to the company's future.

Exhibit 63: EarthFirst – Income Statement

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Generation Revenue	**$0**	$647	$940	$1,180	$1,585	**$4,352**	$4,577	$5,696	$7,150	$9,604	**$27,027**	**$48,550**	**$51,626**
Incentive Revenue	**$0**	$71	$103	$130	$174	**$478**	$499	$620	$779	$1,046	**$2,944**	**$4,655**	**$4,849**
Green Credits	**$0**	$33	$48	$61	$82	**$225**	$251	$312	$391	$526	**$1,479**	**$2,323**	**$2,553**
	$0	**$751**	**$1,091**	**$1,371**	**$1,841**	**$5,055**	**$5,327**	**$6,628**	**$8,320**	**$11,176**	**$31,450**	**$55,528**	**$59,028**
Operating Costs	**$0**	$107	$155	$195	$262	**$718**	$748	$931	$1,168	$1,569	**$4,416**	**$7,467**	**$7,826**
General & Admin	**$4,453**	$1,050	$1,050	$1,050	$1,050	**$4,200**	$1,100	$1,100	$1,100	$1,100	**$4,400**	**$4,600**	**$4,800**
Capital Amortization	**$55**	$638	$639	$640	$641	**$2,556**	$2,604	$2,605	$2,606	$2,607	**$10,424**	**$15,359**	**$15,375**
Pre-Op Amortization	**$80**	$200	$200	$200	$200	**$800**	$200	$200	$200	$200	**$800**	**$800**	**$800**
Interest on LTD	**$0**	$959	$959	$959	$959	**$3,834**	$4,050	$4,050	$4,050	$4,050	**$16,201**	**$23,948**	**$23,948**
Interest income	**($925)**	($431)	($269)	($108)	$0	**($808)**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Other		$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Total expenses	**$3,690**	**$2,522**	**$2,733**	**$2,935**	**$3,111**	**$11,301**	**$8,702**	**$8,886**	**$9,125**	**$9,527**	**$36,240**	**$52,174**	**$52,749**
Earnings before tax expense	**($3,690)**	**($1,771)**	**($1,642)**	**($1,564)**	**($1,270)**	**($6,247)**	**($3,376)**	**($2,258)**	**($804)**	**$1,649**	**($4,790)**	**$3,355**	**$6,278**
Current Income Taxes	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Future Income Taxes	**($1,962)**	($620)	($575)	($547)	($444)	**($2,186)**	($1,182)	($790)	($282)	$577	**($1,676)**	**$1,174**	**$2,197**
Earnings from continuing operations	**($1,728)**	($1,151)	($1,067)	($1,017)	($825)	**($4,060)**	($2,194)	($1,468)	($523)	$1,072	**($3,113)**	**$2,181**	**$4,081**
Gain (loss) on sale of assets/prospects	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Net Income	**($1,728)**	**($1,151)**	**($1,067)**	**($1,017)**	**($825)**	**($4,060)**	**($2,194)**	**($1,468)**	**($523)**	**$1,072**	**($3,113)**	**$2,181**	**$4,081**
Basic shares - opening	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	$103,300.0	103,300.0	103,300.0	103,300.0	128,300.0	128,300.0
Plus: Equity issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	$0.0	0.0	25,000.0	25,000.0	0.0	0.0
Less: Share buyback	0.0	0.0	0.0	0.0	0.0	0.0	0.0	$0.0	0.0	0.0	0.0	0.0	0.0
Basic shares - closing	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	$103,300.0	103,300.0	128,300.0	128,300.0	128,300.0	128,300.0
Average Shares O/S - Basic (000s)	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	103,300.0	$103,300.0	103,300.0	115,800.0	106,425.0	128,300.0	128,300.0
Average Dilution (000s)	26,907.5	26,907.5	26,907.5	26,907.5	26,907.5	26,907.5	26,907.5	$26,907.5	26,907.5	26,907.5	26,907.5	26,907.5	26,907.5
Average Shares O/S - Diluted (000s)	130,207.5	130,207.5	130,207.5	130,207.5	130,207.5	130,207.5	130,207.5	$130,207.5	130,207.5	142,707.5	133,332.5	155,207.5	155,207.5
EPS (Basic)	**($0.02)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.04)**	**($0.02)**	**($0.01)**	**($0.01)**	**$0.01**	**($0.03)**	**$0.02**	**$0.03**
EPS (Diluted)	**($0.02)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.04)**	**($0.02)**	**($0.01)**	**($0.01)**	**$0.01**	**($0.03)**	**$0.01**	**$0.03**

Source: Company reports; Scotia Capital estimates.

Exhibit 64: EarthFirst – Balance Sheet

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Assets													
Current Assets													
Cash (incl. Res. & Escrow)	**$68,912**	$43,029	$17,276	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
A/R	**$1,573**	$1,573	$1,573	$1,573	$1,573	**$1,573**	$1,573	$1,573	$1,573	$1,573	**$1,573**	**$1,573**	**$1,573**
Due from Related	**$965**	$965	$965	$965	$965	**$965**	$965	$965	$965	$965	**$965**	**$965**	**$965**
Prepaid Expenses	**$5,170**	$5,170	$5,170	$5,170	$5,170	**$5,170**	$5,170	$5,170	$5,170	$5,170	**$5,170**	**$5,170**	**$5,170**
Deferred Financing Charges	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
	$76,620	$50,737	$24,984	$7,708	$7,708	**$7,708**	$7,708	$7,708	$7,708	$7,708	**$7,708**	**$7,708**	**$7,708**
Development Costs	**$121,400**	$121,400	$121,400	$121,400	$121,400	**$121,400**	$121,400	$121,400	$121,400	$121,400	**$121,400**	**$121,400**	**$121,400**
Pre-Operating Costs	**$1,960**	$1,760	$1,560	$1,360	$1,160	**$1,160**	$960	$760	$560	$360	**$360**	**($440)**	**($1,240)**
Performance Deposits	**$12,241**	$12,241	$12,241	$12,241	$12,241	**$12,241**	$12,241	$12,241	$12,241	$12,241	**$12,241**	**$12,241**	**$12,241**
Future Income Tax Asset	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Capital Assets	**$62,382**	$117,870	$173,356	$228,842	$284,326	**$284,326**	$312,698	$341,069	$369,439	$397,808	**$397,808**	**$400,188**	**$399,712**
Other	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Total Assets	**$274,603**	**$304,008**	**$333,541**	**$371,551**	**$426,835**	**$426,835**	**$455,007**	**$483,178**	**$511,348**	**$539,517**	**$539,517**	**$541,097**	**$539,821**
Liabilities													
Current Liabilities													
Revolver	**$0**	$0	$0	$8,399	$33,778	**$33,778**	$49,240	$63,584	$76,472	$38,906	**$38,906**	**$36,488**	**$29,995**
A/P, accruals, turbine loan	**$20,994**	$20,994	$20,994	$20,994	$20,994	**$20,994**	$20,994	$20,994	$20,994	$20,994	**$20,994**	**$20,994**	**$20,994**
CP LTD	**$10,000**	$10,000	$10,000	$10,000	$10,000	**$10,000**	$10,000	$10,000	$10,000	$10,000	**$10,000**	**$10,000**	**$10,000**
Due to related	**$66**	$66	$66	$66	$66	**$66**	$66	$66	$66	$66	**$66**	**$66**	**$66**
	$31,060	$31,060	$31,060	$39,459	$64,838	**$64,838**	$80,300	$94,644	$107,532	$69,966	**$69,966**	**$67,548**	**$61,055**
Long-Term Debt	**$27,224**	$58,399	$89,574	$120,749	$151,924	**$151,924**	$168,010	$184,096	$200,182	$216,268	**$216,268**	**$216,911**	**$215,850**
Preferred Shares	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Future Income Tax Liability	**$46,590**	$45,971	$45,396	$44,848	$44,404	**$44,404**	$43,222	$42,432	$42,150	$42,728	**$42,728**	**$43,902**	**$46,099**
Other	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Total Liabilities	**$104,874**	$135,430	$166,030	$205,056	$261,166	**$261,166**	$291,533	$321,172	$349,864	$328,962	**$328,962**	**$328,361**	**$323,004**
Shareholders' Equity													
Share capital (&CS)	**$239,976**	$239,976	$239,976	$239,976	$239,976	**$239,976**	$239,976	$239,976	$239,976	$287,976	**$287,976**	**$287,976**	**$287,976**
Retained earnings	**($70,247)**	($71,398)	($72,465)	($73,482)	($74,307)	**($74,307)**	($76,501)	($77,969)	($78,492)	($77,421)	**($77,421)**	**($75,240)**	**($71,159)**
Total Shareholders Equity	**$169,729**	$168,578	$167,511	$166,494	$165,669	**$165,669**	$163,475	$162,007	$161,484	$210,555	**$210,555**	**$212,736**	**$216,817**
Total Liabilities & SE	**$274,603**	**$304,008**	**$333,541**	**$371,551**	**$426,835**	**$426,835**	**$455,007**	**$483,178**	**$511,348**	**$539,517**	**$539,517**	**$541,097**	**$539,821**

Source: Company reports; Scotia Capital estimates.

Exhibit 65: EarthFirst – Cash Flow Statement

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Operating Activities													
Net (loss) earnings	($1,728)	($1,151)	($1,067)	($1,017)	($825)	($4,060)	($2,194)	($1,468)	($523)	$1,072	($3,113)	$2,181	$4,081
Adjustments for:													
Capital Amortization	$55	$638	$639	$640	$641	$2,556	$2,604	$2,605	$2,606	$2,607	$10,424	$15,359	$15,375
Pre-Op Amortization	$80	$200	$200	$200	$200	$800	$200	$200	$200	$200	$800	$800	$800
(Gain) loss on sale of assets/prospects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Future income tax (recovery) expense	($1,962)	($620)	($575)	($547)	($444)	($2,186)	($1,182)	($790)	($282)	$577	($1,676)	$1,174	$2,197
Other (incl. stock comp. exp.)	$255	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash flow from operations	($3,300)	($933)	($803)	($724)	($429)	($2,890)	($571)	$547	$2,002	$4,456	$6,434	$19,513	$22,453
Net change in non-cash WC	($21)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	($3,321)	($933)	($803)	($724)	($429)	($2,890)	($571)	$547	$2,002	$4,456	$6,434	$19,513	$22,453
Financing Activities													
Net issue (buyback) of common shares	$3,454	$0	$0	$0	$0	$0	$0	$0	$0	$48,000	$48,000	$0	$0
Debt advances	$50,434	$33,675	$33,675	$33,675	$33,675	$134,700	$18,586	$18,586	$18,586	$18,586	$74,343	$10,643	$8,939
Long-term debt repayments	$0	($2,500)	($2,500)	($2,500)	($2,500)	($10,000)	($2,500)	($2,500)	($2,500)	($2,500)	($10,000)	($10,000)	($10,000)
	$53,888	$31,175	$31,175	$31,175	$31,175	$124,700	$16,086	$16,086	$16,086	$64,086	$112,343	$643	($1,061)
Investing Activities													
Capital asset additions/business acquisitions	($62,234)	($56,125)	($56,125)	($56,125)	($56,125)	($224,501)	($30,976)	($30,976)	($30,976)	($30,976)	($123,906)	($17,739)	($14,899)
Prospect development costs	($51,707)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Pre-Operation Costs	($4,381)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Restricted cash returned (paid)	$31,166	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proceeds on sale of assets/prospects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	($87,156)	($56,125)	($56,125)	($56,125)	($56,125)	($224,501)	($30,976)	($30,976)	($30,976)	($30,976)	($123,906)	($17,739)	($14,899)
Net change in cash and cash equivalents	($36,589)	($25,883)	($25,753)	($25,674)	($25,379)	($102,691)	($15,462)	($14,344)	($12,889)	$37,566	($5,128)	$2,418	$6,494
+ CHANGE in Res. & Escrow Cash													
Cash & Equivalents - Beginning	$105,501	$68,912	$43,029	$17,276	($8,399)	$68,912	($33,778)	($49,240)	($63,584)	($76,472)	($33,778)	($38,906)	($36,488)
Cash & Equivalents - End	$68,912	$43,029	$17,276	($8,399)	($33,778)	($33,778)	($49,240)	($63,584)	($76,472)	($38,906)	($38,906)	($36,488)	($29,995)

Source: Company reports; Scotia Capital estimates.

Innergex Renewable Energy Inc.

We rate Innergex 2-Sector Perform with a one-year target price of $6.50 per share. Our risk ranking for Innergex is Caution Warranted.

F2009 OUTLOOK

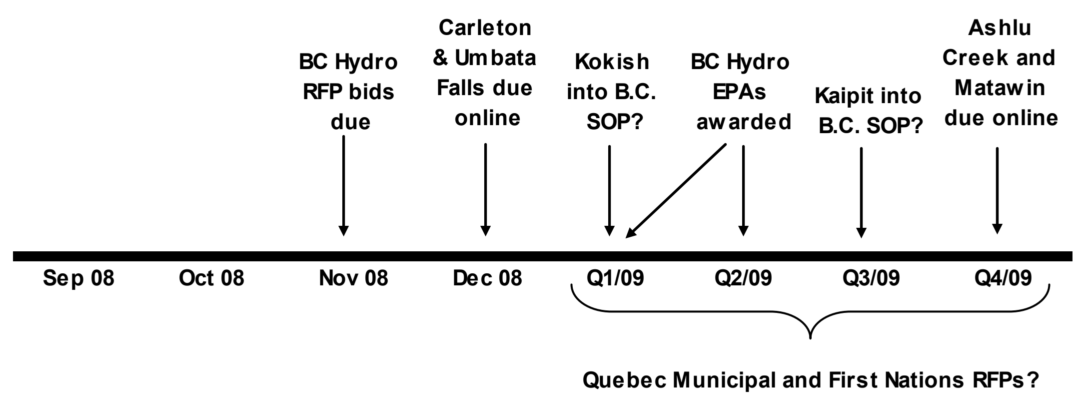
We anticipate a 450%+ increase in 2009 power generation over 2008.

With the Q4/08 commissioning of Innergex's 109.5 MW (41.6 MW net) Carleton wind farm and its 23 MW (11.3 MW net) Umbata Falls hydro project in Ontario, **we expect fiscal 2009 generation to reach 237.3 GWh, up materially from our forecast 41.4 GWh for 2008.** This also assumes a mid-Q4/09 commissioning of Innergex's 49.9 MW Ashlu Creek and 15 MW Matawin power projects, both of which are 100% owned by the company.

Our 2009 revenue forecast is for $23.3 million, up 3x from our 2008 estimate of $6.8 million. We also look for a large jump in operating revenue per MWh, to $78 from $69 in 2008. We anticipate $14.3 million of 2009E EBITDA generation, and flat year-over-year EBITDA earned on a per MWh basis, at about $60. **Our 3¢ 2009 EPS estimate is quite low compared with the 9.5¢ Bloomberg consensus average, in a 0¢ to 22¢ range.** The most significant differences between our estimate and consensus estimates are depreciation and interest expense.

Key stock catalysts for the next year are fourfold: (1) the on-time and on-budget commissioning of its construction projects; (2) the successful execution of its signed-PPA development projects; (3) bidding for and winning new PPAs; and (4) successfully debt-financing its development projects. Exhibit 66 maps out recent and upcoming stock catalysts for Innergex.

Exhibit 66: Recent and Upcoming Stock Catalysts & Events



Source: Scotia Capital estimates.

RECENT DEVELOPMENTS

- Innergex's 38%-owned joint venture, **Cartier Wind Energy**, commissioned its 109.5 MW Carleton wind project. Innergex forecasts the project to generate about $26 million in annual revenue from a 20-year power purchase agreement signed with Hydro-Quebec. On November 25, Innergex announced that it had closed a $53.4 million non-recourse project financing at an effective interest rate slightly below 5%.
- **Innergex Power Income Fund** (IEF.UN-T), managed and 16.1% owned by Innergex, reported a 41% year-over-year increase in power generation, a 48% increase in revenue, and a 51% rise in EBITDA. In addition to IEF.UN's acquisition of two wind farms, strong hydrology conditions led to the power generation boost. In its press release, the fund commented on the financial crises, raising the following points: (1) revenue is based on long-term, fixed-price PPAs with a weighted average life of 15.6 years; (2)

Innergex bid five projects into the BC Hydro Clean Power Call, totalling 196 MW.

no additional financing is required before 2013; (3) 92% of the fund's debt is based on fixed interest rates or covered by long-term swap agreements; and (4) the fund has $25.1 million of cash on hand, as well as $9.2 million available within a credit facility.

- Innergex confirmed its submission of five run-of-river hydro projects (196 MW) into the BC Hydro Clean Power Call. The projects are among the 18 projects that Innergex acquired from Ledcor Power Group. Ledcor retains a one-third interest in the projects.

DEBT SUMMARY

As at the end of Q3/08, Innergex had $5.9 million of cash on its balance sheet and enough committed financing availability to complete its Umbata and Ashlu Creek projects (Exhibit 67). Should Innergex finalize its PPA for its 15 MW Matawin project this year, we believe the company would likely seek non-recourse project debt financing of between $15 million and $20 million.

Exhibit 67: Debt Summary as at Q3/08

Credit Facilities	Total	Drawn	Available	Interest	Term	Security
	(000s)	(000s)	(000s)	(%)		
Non-recourse construction loan (Umbata)	$24,990	$20,300	$4,690	BAs + n.a.	5 Years	Secured
Non-recourse construction loan (Ashlu Creek)	$110,000	$54,200	$55,800	BAs + n.a.	15 Years	Secured
Non-recourse term loan (Glen Miller)	$16,800	$16,700	$100	BAs + n.a.	5 Years	Secured
Total credit facilities (Q3/08)		**$91,200**				

Source: Innergex Renewable Energy; Scotia Capital.

Within Exhibits 68 through 70, we have introduced our 2010E quarterly financial model forecasts for Innergex Renewable Energy.

Exhibit 68: Innergex – Income Statement

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Operating	$2,864	$2,639	$4,649	$3,849	$7,422	$18,559	$9,108	$11,419	$9,528	$11,315	$41,370	$55,455	$77,715
Management Fees	$2,292	$525	$525	$525	$525	$2,101	$534	$534	$534	$534	$2,137	$2,174	$2,211
Share of Fund Earnings	$1,689	$649	$662	$676	$689	$2,677	$703	$717	$731	$746	$2,897	$3,136	$3,395
Total Revenue	**$6,845**	**$3,814**	**$5,836**	**$5,050**	**$8,636**	**$23,337**	**$10,345**	**$12,670**	**$10,793**	**$12,595**	**$46,404**	**$60,765**	**$83,321**
Operating Expenses	$498	$444	$772	$639	$1,194	$3,050	$1,444	$1,779	$1,484	$1,778	$6,485	$8,674	$12,333
General & Administrative (incl. stock comp.)	$6,586	$1,500	$1,500	$1,500	$1,500	$6,000	$1,500	$1,500	$1,500	$1,500	$6,000	$6,000	$6,000
	$7,084	**$1,944**	**$2,272**	**$2,139**	**$2,694**	**$9,050**	**$2,944**	**$3,279**	**$2,984**	**$3,278**	**$12,485**	**$14,674**	**$18,333**
EBITDA	**($239)**	**$1,870**	**$3,564**	**$2,911**	**$5,942**	**$14,287**	**$7,402**	**$9,391**	**$7,809**	**$9,317**	**$33,919**	**$46,091**	**$64,988**
Depreciation & Amortization	$1,361	$1,251	$1,252	$1,253	$2,233	$5,990	$2,234	$2,235	$2,236	$2,783	$9,488	$12,636	$17,140
Interest	$1,115	$1,421	$1,421	$1,421	$2,889	$7,153	$2,889	$2,566	$2,563	$3,394	$11,412	$15,261	$19,635
(Gain)/Loss on Sale/Writedown of Assets/Prospects	$1,603	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Gain)/Loss on Derivatives	$2,728	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Misc.	($608)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$3,718	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
EBT	**($6,433)**	**($803)**	**$891**	**$237**	**$820**	**$1,144**	**$2,278**	**$4,590**	**$3,011**	**$3,141**	**$13,020**	**$18,194**	**$28,213**
Current tax	$3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Future tax	($1,506)	($281)	$312	$83	$287	$400	$797	$1,606	$1,054	$1,099	$4,557	$6,368	$9,874
Net income	**($4,930)**	**($522)**	**$579**	**$154**	**$533**	**$744**	**$1,481**	**$2,983**	**$1,957**	**$2,042**	**$8,463**	**$11,826**	**$18,338**
Basic shares - opening	23,500.0	23,500.0	23,500.0	23,500.0	23,500.0	23,500.0	23,500.0	26,833.3	26,833.3	26,833.3	23,500.0	26,833.3	26,833.3
Plus: Equity issued/warrant conversion	0.0	0.0	0.0	0.0	0.0	0.0	3,333.3	0.0	0.0	0.0	3,333.3	0.0	0.0
Less: Share buyback	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic shares - closing	23,500.0	23,500.0	23,500.0	23,500.0	23,500.0	23,500.0	26,833.3	26,833.3	26,833.3	26,833.3	26,833.3	26,833.3	26,833.3
Average Shares O/S - Basic (000s)	23,500.0	23,500.0	23,500.0	23,500.0	23,500.0	23,500.0	25,166.7	26,833.3	26,833.3	26,833.3	25,166.7	26,833.3	26,833.3
Average Dilution (000s)	1,068.6	1,410.0	1,410.0	1,410.0	1,410.0	1,410.0	1,410.0	1,410.0	1,410.0	1,410.0	1,410.0	1,410.0	1,410.0
Average Shares O/S - Diluted (000s)	24,568.6	24,910.0	24,910.0	24,910.0	24,910.0	24,910.0	26,576.7	28,243.3	28,243.3	28,243.3	26,576.7	28,243.3	28,243.3
EPS (Basic)	**($0.21)**	**($0.02)**	**$0.02**	**$0.01**	**$0.02**	**$0.03**	**$0.06**	**$0.11**	**$0.07**	**$0.08**	**$0.34**	**$0.44**	**$0.68**
EPS (Diluted)	**($0.21)**	**($0.02)**	**$0.02**	**$0.01**	**$0.02**	**$0.03**	**$0.06**	**$0.11**	**$0.07**	**$0.07**	**$0.32**	**$0.42**	**$0.65**

Source: Company reports; Scotia Capital estimates.

Exhibit 69: Innergex – Balance Sheet

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Assets													
Current Assets													
Cash & Cash Equivalents	$0	$0	$0	$0	$0	$0	$32,296	$32,645	$31,401	$30,820	$30,820	$32,803	$70,965
A/R	$12,840	$12,840	$12,840	$12,840	$12,840	$12,840	$12,840	$12,840	$12,840	$12,840	$12,840	$12,840	$12,840
Prepaid & Other	$534	$534	$534	$534	$534	$534	$534	$534	$534	$534	$534	$534	$534
	$13,373	**$13,373**	**$13,373**	**$13,373**	**$13,373**	**$13,373**	**$45,669**	**$46,018**	**$44,775**	**$44,194**	**$44,194**	**$46,176**	**$84,338**
Investment (Fund)	$60,110	$59,815	$59,532	$59,263	$59,008	$59,008	$59,002	$59,010	$59,033	$59,070	$59,070	$60,317	$61,822
PP&E	$238,325	$261,692	$285,749	$299,115	$311,501	$311,501	$335,076	$358,650	$382,224	$405,250	$405,250	$502,777	$508,140
Intangibles	$42,291	$41,951	$41,611	$41,271	$40,931	$40,931	$40,591	$40,251	$39,911	$39,571	$39,571	$38,211	$36,851
Project Development Costs	$43,997	$43,997	$43,997	$43,997	$43,997	$43,997	$43,997	$43,997	$43,997	$43,997	$43,997	$43,997	$43,997
Future Income Taxes	$3,775	$4,056	$4,056	$4,056	$4,056	$4,056	$4,056	$4,056	$4,056	$4,056	$4,056	$4,056	$4,056
Goodwill	$34,687	$34,687	$34,687	$34,687	$34,687	$34,687	$34,687	$34,687	$34,687	$34,687	$34,687	$34,687	$34,687
Other	$925	$525	$125	($275)	($675)	($675)	($1,075)	($1,475)	($1,875)	($2,275)	($2,275)	($3,875)	($5,475)
Total Assets	**$437,484**	**$460,097**	**$483,131**	**$495,488**	**$506,878**	**$506,878**	**$562,004**	**$585,195**	**$606,808**	**$628,551**	**$628,551**	**$726,347**	**$768,417**
Liabilities													
Current Liabilities													
(Model) Revolver	$2,140	$7,566	$11,483	$13,393	$13,755	$13,755	$0	$0	$0	$0	$0	$0	$0
A/P and Accrued Liabilities	$8,554	$8,554	$8,554	$8,554	$8,554	$8,554	$8,554	$8,554	$8,554	$8,554	$8,554	$8,554	$8,554
CP LTD (incl. S/T bank loans)	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
Derivatives	$7,760	$7,760	$7,760	$7,760	$7,760	$7,760	$7,760	$7,760	$7,760	$7,760	$7,760	$7,760	$7,760
	$20,455	**$25,880**	**$29,797**	**$31,708**	**$32,069**	**$32,069**	**$18,315**	**$18,315**	**$18,315**	**$18,315**	**$18,315**	**$18,315**	**$18,315**
Construction Holdbacks	$4,060	$4,060	$4,060	$4,060	$4,060	$4,060	$4,060	$4,060	$4,060	$4,060	$4,060	$4,060	$4,060
Derivatives	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-Term Debt	$123,465	$141,175	$159,401	$169,611	$179,820	$179,820	$198,422	$217,024	$235,626	$254,228	$254,228	$333,830	$347,687
Future Income Taxes	$7,465	$7,465	$7,777	$7,860	$8,146	$8,146	$8,944	$10,550	$11,604	$12,703	$12,703	$19,071	$28,946
Minority Interest/Accruals	$54,425	$54,425	$54,425	$54,425	$54,425	$54,425	$54,425	$54,425	$54,425	$54,425	$54,425	$54,425	$54,425
	$209,870	**$233,006**	**$255,461**	**$267,664**	**$278,521**	**$278,521**	**$284,166**	**$304,374**	**$324,030**	**$343,731**	**$343,731**	**$429,701**	**$453,433**
Shareholders' Equity													
Share capital	$229,647	$229,647	$229,647	$229,647	$229,647	$229,647	$277,647	$277,647	$277,647	$277,647	$277,647	$277,647	$277,647
Contributed surplus	$1,303	$1,303	$1,303	$1,303	$1,303	$1,303	$1,303	$1,303	$1,303	$1,303	$1,303	$1,303	$1,303
Retained earnings	($3,337)	($3,859)	($3,280)	($3,126)	($2,593)	($2,593)	($1,113)	$1,871	$3,828	$5,869	$5,869	$17,695	$36,033
Total Shareholders Equity	**$227,613**	**$227,092**	**$227,670**	**$227,824**	**$228,357**	**$228,357**	**$277,838**	**$280,821**	**$282,778**	**$284,820**	**$284,820**	**$296,646**	**$314,984**
Total Liabilities and Shareholders Equity	**$437,484**	**$460,097**	**$483,131**	**$495,488**	**$506,878**	**$506,878**	**$562,004**	**$585,195**	**$606,808**	**$628,551**	**$628,551**	**$726,347**	**$768,417**

Source: Company reports; Scotia Capital estimates.

Exhibit 70: Innergex – Cash Flow Statement

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Operating Activities													
Net (loss) earnings	($4,930)	($522)	$579	$154	$533	$744	$1,481	$2,983	$1,957	$2,042	$8,463	$11,826	$18,338
Adjustments for:													
Depreciation & Amortization	$1,361	$1,251	$1,252	$1,253	$2,233	$5,990	$2,234	$2,235	$2,236	$2,783	$9,488	$12,636	$17,140
Share of Fund Earnings	($1,689)	($649)	($662)	($676)	($689)	($2,677)	($703)	($717)	($731)	($746)	($2,897)	($3,136)	($3,395)
Stock-based Compensation	$1,573	$400	$400	$400	$400	$1,600	$400	$400	$400	$400	$1,600	$1,600	$1,600
Gain/(Loss) on Sale of Assets/Prospects	$1,603	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unrealized (Gain)/Loss on Derivatives	$2,723	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Future Income Taxes	($1,506)	($281)	$312	$83	$287	$400	$797	$1,606	$1,054	$1,099	$4,557	$6,368	$9,874
Cash flow from operations	($866)	$199	$1,880	$1,214	$2,763	$6,057	$4,209	$6,508	$4,915	$5,577	$21,210	$29,294	$43,558
Net change in non-cash working capital balances	$1,740	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$874	$199	$1,880	$1,214	$2,763	$6,057	$4,209	$6,508	$4,915	$5,577	$21,210	$29,294	$43,558
Financing Activities													
Net issue (buyback) of common shares	$0	$0	$0	$0	$0	$0	$48,000	$0	$0	$0	$48,000	$0	$0
Long-term debt advances	$45,080	$18,209	$18,727	$10,709	$10,709	$58,355	$19,102	$19,102	$19,102	$19,102	$76,408	$81,602	$15,857
Long-term debt repayments	($2,750)	($500)	($500)	($500)	($500)	($2,000)	($500)	($500)	($500)	($500)	($2,000)	($2,000)	($2,000)
Dividends	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$2,246	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$44,576	$17,709	$18,227	$10,209	$10,209	$56,355	$66,602	$18,602	$18,602	$18,602	$122,408	$79,602	$13,857
Investing Activities													
Capital asset additions, bus or prospect acquisitions	($82,450)	($24,279)	($24,969)	($14,279)	($14,279)	($77,806)	($25,469)	($25,469)	($25,469)	($25,469)	($101,877)	($108,803)	($21,143)
Proceeds on sale of capital assets &/or prospects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New project development costs	($4,456)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Distributions from Fund	$3,542	$945	$945	$945	$945	$3,780	$709	$709	$709	$709	$2,835	$1,890	$1,890
Other	$1,083	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	($82,281)	($23,334)	($24,024)	($13,334)	($13,334)	($74,027)	($24,761)	($24,761)	($24,761)	($24,761)	($99,042)	($106,913)	($19,253)
Net change in cash and cash equivalents	($36,831)	($5,426)	($3,917)	($1,911)	($362)	($11,615)	$46,051	$349	($1,243)	($581)	$44,575	$1,983	$38,162
Cash and cash equivalents - beginning of period	$34,691	($2,140)	($7,566)	($11,483)	($13,393)	($2,140)	($13,755)	$32,296	$32,645	$31,401	($13,755)	$30,820	$32,803
Cash and cash equivalents - end of period	($2,140)	($7,566)	($11,483)	($13,393)	($13,755)	($13,755)	$32,296	$32,645	$31,401	$30,820	$30,820	$32,803	$70,965

Source: Company reports; Scotia Capital estimates.

Plutonic Power Corporation

We rate Plutonic Power 2-Sector Perform with a one-year target price of $4.00 per share. Our risk ranking for Plutonic Power is Caution Warranted.

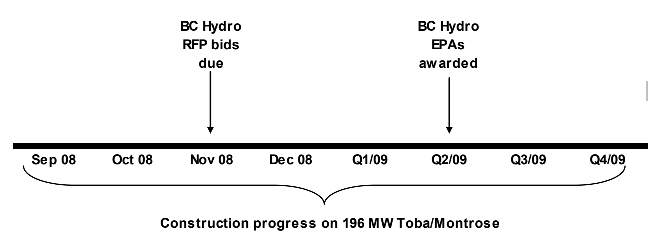
F2009 OUTLOOK

The awarding of EPAs in mid-2009 is, in our opinion, the biggest stock catalyst for Plutonic in 2009.

We anticipate no electricity production nor any revenue generation from Plutonic throughout 2009, as we do not expect its flagship 196 MW Toba/Montrose project to be commissioned until late 2010. We are looking for a 2009E net loss of about $10.1 million, driven in large part by increased general and administrative expenses, as well as about $2 million (our estimate) of stock-based compensation expenses. While 2009 earnings are fairly meaningless for Plutonic, we note that we have forecast a loss per share of 23¢, in line with the Bloomberg consensus estimate (-20¢ to -29¢ range).

Going into 2009, there is only one stock catalyst we anticipate occurring, but likely one of the most important events in the company's history: the awarding of BC Hydro Clean Power Call long-term Electricity Purchase Agreements (EPAs). Plutonic has partnered with GE Financial Services to jointly bid two hydro projects totalling 1,193 MW. While there is no doubt in our minds that being awarded PPAs for even one of these two bid submissions will be a major win for Plutonic, we will be equally pleased when Plutonic closes the equity and debt financing agreements for these two projects, should they be awarded long-term BC Hydro contracts.

Exhibit 71: Recent and Upcoming Stock Catalysts & Events



Source: Scotia Capital estimates.

RECENT DEVELOPMENTS

- On November 25, Plutonic submitted a joint bid into the BC Hydro Clean Power Call with GE Energy Financial Services, for slightly under 1,200 MW of B.C. run-of-river hydro capacity.
- Plutonic's 133 MW Upper Toba Valley project was accepted into the review phase for an environmental assessment certificate. Plutonic expects that the environmental process should conclude by early spring 2009.

DEBT SUMMARY

Plutonic has $36.9 million of cash on hand (Q3/08) and full project debt financing to complete its Toba/Montrose project. The interest rate on the $370 million senior secured credit facility ranges between 6.173% and 6.288%. An additional facility for $100 million is priced at BAs + 1.35% to 1.60%.

Within Exhibits 72 through 74, we have introduced our 2010E quarterly financial model forecasts for Plutonic Power.

Exhibit 72: Plutonic Power – Income Statement

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Generation Revenue	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$1,619	**$1,619**	**$27,249**	**$29,704**
Incentive Revenue	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$179	**$179**	**$2,980**	**$3,154**
Green Credits	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Total Revenue	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,798**	**$1,798**	**$30,229**	**$32,858**
Operating & Maintenance Costs	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$253	**$253**	**$4,301**	**$4,644**
General & Admin	**$7,388**	$2,193	$2,193	$2,193	$2,193	**$8,772**	$2,237	$2,237	$2,237	$2,237	**$8,947**	**$9,126**	**$9,309**
Depreciation & Amortization	**$39**	$10	$10	$10	$10	**$40**	$10	$10	$10	$1,660	**$1,690**	**$6,640**	**$8,228**
Interest on LTD	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$3,168	**$3,168**	**$12,672**	**$15,720**
Interest income	**($1,187)**	($143)	($247)	($186)	($129)	**($704)**	($87)	($403)	($359)	($312)	**($1,161)**	**($871)**	**($613)**
Stock-based compensation	**$3,877**	$500	$500	$500	$500	**$2,000**	$250	$250	$250	$250	**$1,000**	**$0**	**$0**
Other	**$2,733**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Total expenses	**$12,850**	**$2,560**	**$2,456**	**$2,517**	**$2,574**	**$10,108**	**$2,410**	**$2,094**	**$2,138**	**$7,255**	**$13,897**	**$31,868**	**$37,288**
Earnings before tax expense	**($12,850)**	**($2,560)**	**($2,456)**	**($2,517)**	**($2,574)**	**($10,108)**	**($2,410)**	**($2,094)**	**($2,138)**	**($5,457)**	**($12,099)**	**($1,639)**	**($4,430)**
Current Income Taxes	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Future Income Taxes	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	($1,910)	**($1,910)**	**($574)**	**($1,550)**
Earnings from continuing operations	**($12,850)**	($2,560)	($2,456)	($2,517)	($2,574)	**($10,108)**	($2,410)	($2,094)	($2,138)	($3,547)	**($10,189)**	**($1,065)**	**($2,879)**
Gain (loss) on sale of assets/prospects	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Net Income	**($12,850)**	**($2,560)**	**($2,456)**	**($2,517)**	**($2,574)**	**($10,108)**	**($2,410)**	**($2,094)**	**($2,138)**	**($3,547)**	**($10,189)**	**($1,065)**	**($2,879)**
Basic shares - opening	40,414.0	43,944.5	43,944.5	43,944.5	43,944.5	43,944.5	43,944.5	$50,762.7	50,762.7	50,762.7	43,944.5	50,762.7	50,762.7
Plus: Issued	3,530.5	0.0	0.0	0.0	0.0	0.0	6,818.2	$0.0	0.0	0.0	6,818.2	0.0	0.0
Less: Buyback	0.0	0.0	0.0	0.0	0.0	0.0	0.0	$0.0	0.0	0.0	0.0	0.0	0.0
Basic shares - closing	43,944.5	43,944.5	43,944.5	43,944.5	43,944.5	43,944.5	50,762.7	$50,762.7	50,762.7	50,762.7	50,762.7	50,762.7	50,762.7
Average Shares O/S - Basic (000s)	42,667.3	43,944.5	43,944.5	43,944.5	43,944.5	43,944.5	47,353.6	$50,762.7	50,762.7	50,762.7	49,910.4	50,762.7	50,762.7
Average Dilution (000s)	4,994.3	6,325.7	6,325.7	6,325.7	6,325.7	6,325.7	6,325.7	$6,325.7	6,325.7	6,325.7	6,325.7	6,325.7	6,325.7
Average Shares O/S - Diluted (000s)	47,661.6	50,270.3	50,270.3	50,270.3	50,270.3	50,270.3	53,679.3	$57,088.4	57,088.4	57,088.4	56,236.2	57,088.4	57,088.4
EPS (Basic)	**($0.30)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.23)**	**($0.05)**	**($0.04)**	**($0.04)**	**($0.07)**	**($0.20)**	**($0.02)**	**($0.06)**
EPS (Diluted)	**($0.30)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.23)**	**($0.05)**	**($0.04)**	**($0.04)**	**($0.07)**	**($0.20)**	**($0.02)**	**($0.06)**

Source: Company reports; Scotia Capital estimates.

Exhibit 73: Plutonic Power – Balance Sheet

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Assets													
Current Assets													
Cash & Equivalents	**$28,537**	$49,340	$37,138	$25,797	$17,392	**$17,392**	$80,609	$71,796	$62,479	$48,959	**$48,959**	**$33,318**	**$24,095**
Receivables	**$760**	$760	$760	$760	$760	**$760**	$760	$760	$760	$760	**$760**	**$760**	**$760**
Prepaid Expenses	**$220**	$220	$220	$220	$220	**$220**	$220	$220	$220	$220	**$220**	**$220**	**$220**
Other	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
	$29,517	$50,320	$38,119	$26,777	$18,373	**$18,373**	$81,589	$72,777	$63,459	$49,939	**$49,939**	**$34,299**	**$25,076**
Development Costs	**$20,460**	$20,460	$20,460	$20,460	$20,460	**$20,460**	$20,460	$20,460	$20,460	$20,460	**$20,460**	**$20,460**	**$20,460**
Perf. Deposits & Res. Cash	**$23,727**	$23,727	$23,727	$23,727	$23,727	**$23,727**	$23,727	$23,727	$23,727	$23,727	**$23,727**	**$23,727**	**$23,727**
Future Income Tax Asset	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$1,910	**$1,910**	**$2,484**	**$4,034**
PP&E	**$108,450**	$137,142	$176,633	$212,925	$238,816	**$238,816**	$268,634	$299,652	$332,269	$372,037	**$372,037**	**$441,606**	**$471,483**
Intangibles	**$5,284**	$5,284	$5,284	$5,284	$5,284	**$5,284**	$5,284	$5,284	$5,284	$5,284	**$5,284**	**$5,284**	**$5,284**
Investments & Other	**$4,498**	$4,498	$4,498	$4,498	$4,498	**$4,498**	$4,498	$4,498	$4,498	$4,498	**$4,498**	**$4,498**	**$4,498**
Total Assets	**$191,938**	**$241,432**	**$268,722**	**$293,672**	**$311,159**	**$311,159**	**$404,194**	**$426,399**	**$449,699**	**$477,856**	**$477,856**	**$532,358**	**$554,563**
Liabilities													
Current Liabilities													
Revolver	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Payables & accruals	**$10,508**	$10,508	$10,508	$10,508	$10,508	**$10,508**	$10,508	$10,508	$10,508	$10,508	**$10,508**	**$10,508**	**$10,508**
CP LTD	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$5,400	**$5,400**	**$5,400**	**$5,400**
Due to related	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
	$10,508	$10,508	$10,508	$10,508	$10,508	**$10,508**	$10,508	$10,508	$10,508	$15,908	**$15,908**	**$15,908**	**$15,908**
Long-Term Debt	**$76,578**	$98,133	$127,379	$154,346	$173,907	**$173,907**	$197,102	$221,150	$246,339	$272,393	**$272,393**	**$327,961**	**$353,044**
Holdback Payable	**$7,749**	$7,749	$7,749	$7,749	$7,749	**$7,749**	$7,749	$7,749	$7,749	$7,749	**$7,749**	**$7,749**	**$7,749**
Future Income Tax Liability	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	**$0**	**$0**
Swap Contracts	**$3,340**	$3,340	$3,340	$3,340	$3,340	**$3,340**	$3,340	$3,340	$3,340	$3,340	**$3,340**	**$3,340**	**$3,340**
Non controlling interest	**$16,452**	$16,452	$16,452	$16,452	$16,452	**$16,452**	$16,452	$16,452	$16,452	$16,452	**$16,452**	**$16,452**	**$16,452**
Other	**$16,495**	$46,995	$47,495	$47,995	$48,495	**$48,495**	$48,745	$48,995	$49,245	$49,495	**$49,495**	**$49,495**	**$49,495**
Total Liabilities	**$131,122**	$183,177	$212,923	$240,390	$260,451	**$260,451**	$283,896	$308,194	$333,633	$365,337	**$365,337**	**$420,905**	**$445,988**
Shareholders' Equity													
Share capital (&CS)	**$85,615**	$85,615	$85,615	$85,615	$85,615	**$85,615**	$157,615	$157,615	$157,615	$157,615	**$157,615**	**$157,615**	**$157,615**
Retained earnings (+ACI)	**($24,800)**	($27,360)	($29,816)	($32,334)	($34,908)	**($34,908)**	($37,318)	($39,411)	($41,549)	($45,097)	**($45,097)**	**($46,162)**	**($49,041)**
Total Shareholders Equity	**$60,816**	$58,255	$55,799	$53,282	$50,708	**$50,708**	$120,298	$118,204	$116,066	$112,519	**$112,519**	**$111,454**	**$108,574**
Total Liabilities & SE	**$191,938**	**$241,432**	**$268,722**	**$293,672**	**$311,159**	**$311,159**	**$404,194**	**$426,399**	**$449,699**	**$477,856**	**$477,856**	**$532,358**	**$554,563**

Source: Company reports; Scotia Capital estimates.

Exhibit 74: Plutonic Power – Cash Flow Statement

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Operating Activities													
Net (loss) earnings	($12,850)	($2,560)	($2,456)	($2,517)	($2,574)	($10,108)	($2,410)	($2,094)	($2,138)	($3,547)	($10,189)	($1,065)	($2,879)
Adjustments for:													
Depreciation & amortization	$186	$10	$10	$10	$10	$40	$10	$10	$10	$1,660	$1,690	$6,640	$8,228
(Gain) loss on sale of assets/prospects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Stock-based compensation	$3,877	$500	$500	$500	$500	$2,000	$250	$250	$250	$250	$1,000	$0	$0
Future income tax (recovery) expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	($1,910)	($1,910)	($574)	($1,550)
Other	$2,448	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash flow from operations	($6,338)	($2,050)	($1,946)	($2,007)	($2,064)	($8,068)	($2,150)	($1,834)	($1,878)	($3,547)	($9,409)	$5,001	$3,798
Net change in non-cash WC	($10)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	($6,348)	($2,050)	($1,946)	($2,007)	($2,064)	($8,068)	($2,150)	($1,834)	($1,878)	($3,547)	($9,409)	$5,001	$3,798
Financing Activities													
Net issue (buyback) of common shares	$5,949	$0	$0	$0	$0	$0	$72,000	$0	$0	$0	$72,000	$0	$0
Other financing	($6,083)	$30,000	$0	$0	$0	$30,000	$0	$0	$0	$0	$0	$0	$0
Long-term debt advances	$68,516	$21,555	$29,246	$26,967	$19,561	$97,330	$23,194	$24,049	$25,188	$31,455	$103,886	$60,967	$30,484
Long-term debt repayments	($1,638)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($5,400)	($5,400)
	$66,744	$51,555	$29,246	$26,967	$19,561	$127,330	$95,194	$24,049	$25,188	$31,455	$175,886	$55,567	$25,084
Investing Activities													
Capital asset additions/business acquisitions	($65,213)	($28,702)	($39,502)	($36,302)	($25,902)	($130,406)	($29,828)	($31,028)	($32,628)	($41,428)	($134,911)	($76,209)	($38,105)
Prospect development costs	($10,650)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Performance Deposits (Paid) Returned	$604	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proceeds on sale of assets/prospects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	($75,259)	($28,702)	($39,502)	($36,302)	($25,902)	($130,406)	($29,828)	($31,028)	($32,628)	($41,428)	($134,911)	($76,209)	($38,105)
Net change in cash and cash equivalents	($14,864)	$20,803	($12,202)	($11,342)	($8,404)	($11,144)	$63,217	($8,813)	($9,317)	($13,520)	$31,566	($15,641)	($9,223)
Cash & Equivalents - Beginning	$43,400	$28,537	$49,340	$37,138	$25,797	$28,537	$17,392	$80,609	$71,796	$62,479	$17,392	$48,959	$33,318
Cash & Equivalents - End	$28,537	$49,340	$37,138	$25,797	$17,392	$17,392	$80,609	$71,796	$62,479	$48,959	$48,959	$33,318	$24,095

Source: Company reports; Scotia Capital estimates.

Pristine Power Inc.

We rate Pristine Power 2-Sector Perform with a one-year target price of $3.25 per share. Our risk ranking for Pristine Power is Caution Warranted.

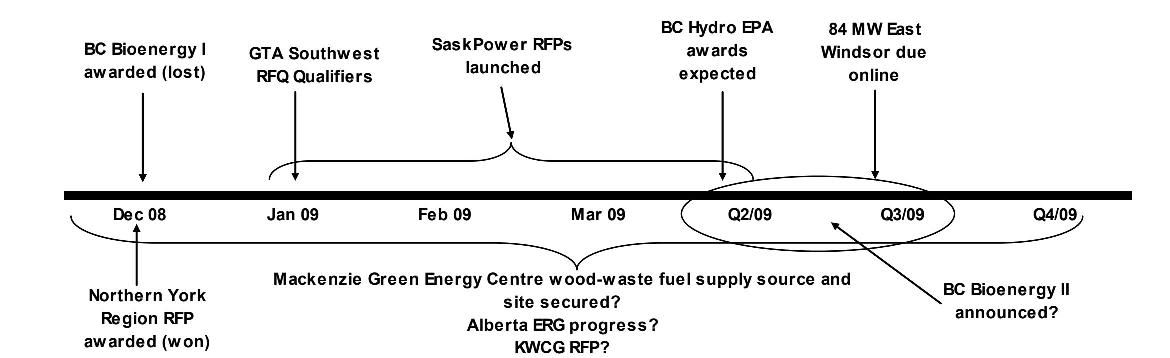
F2009 OUTLOOK

Pristine's 25% interest in two 5 MW, B.C.-based, waste-heat projects are its only operating assets to date. We expect steady production from these facilities at about 17.7 GWh/year net to Pristine, or at an implied capacity factor of 81%.

We forecast Pristine to generate 83.3 GWh in fiscal 2009, which assumes that its 25% interest in the 84 MW East Windsor Cogeneration Centre is commissioned on August 15, or the mid-point of Q3/09. **We do not anticipate any additional power generation from organic activities in 2009.**

Throughout the year, we expect results from or material progress made on up to six provincial power requests that Pristine is involved in, representing over 1,300 MW net to Pristine. Exhibit 75 shows recent and upcoming stock catalysts heading into 2009.

Exhibit 75: Recent and Upcoming Stock Catalysts & Events



Source: Scotia Capital estimates.

RECENT DEVELOPMENTS

- On December 11, Pristine was awarded by the Ontario Power Authority a 20-year PPA for a 393 MW gas-fired power plant to be located in Ontario's northern York Region. The $365 million facility is a 50/50 JV between Pristine and Harbert Power, a U.S. power company with over 2,000 MW in its portfolio. This facility will likely be financed using an 80%/20% debt/equity capital structure. Commissioning of the facility is expected by Q4/11. After development fees, as well as an equity uplift component of its agreement with Harbert, we anticipate Pristine will contribute a net $21 million of equity into the project.

DEBT SUMMARY

Pristine's long-term debt of $89.5 million is currently locked in at about 6.3% semi-annually. **We don't think Pristine will need to access the debt markets until mid- to late 2009.**

Within Exhibits 76 through 78, we have introduced our 2010E quarterly financial model forecasts for Pristine Power.

Exhibit 76: Pristine Power – Income Statement

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Revenue													
Energy Revenue (cons.)	$783	$961	$640	$2,483	$4,646	$8,731	$4,691	$4,366	$4,366	$4,691	$18,113	$52,419	$121,721
Consulting Fees	$698	$200	$200	$200	$200	$800	$200	$200	$200	$200	$800	$800	$800
Interest and other income	$715	$73	$71	$66	$62	$273	$61	$49	$38	$26	$174	$21	$0
	$2,196	**$1,234**	**$912**	**$2,749**	**$4,909**	**$9,804**	**$4,951**	**$4,615**	**$4,603**	**$4,917**	**$19,087**	**$53,240**	**$122,521**
Expenses													
Operating costs (cons.)	$269	$319	$213	$1,808	$2,759	$5,100	$2,759	$2,653	$2,653	$2,759	$10,825	$21,010	$42,449
General and administrative (op & dvp)	$5,010	$1,317	$1,322	$1,327	$1,332	$5,299	$1,337	$1,342	$1,347	$1,352	$5,379	$5,460	$5,543
Project development	$3,144	$600	$600	$600	$600	$2,400	$600	$600	$600	$600	$2,400	$2,400	$2,400
Interest and Amortization of Deferred Financing Fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unrealized loss/(gain) on derivatives	($92)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unrealized FX loss/(gain)	($201)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Realized FX loss/(gain)	($104)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Stock-Based Compensation	$1,151	$50	$50	$50	$50	$200	$50	$50	$50	$50	$200	$200	$200
Depreciation and Amortization (cons.)	$351	$197	$197	$1,232	$1,232	$2,858	$1,232	$1,232	$1,232	$1,232	$4,929	$12,419	$22,797
Interest and Bank Charges (cons.)	$203	$186	$1,584	$1,576	$1,569	$4,916	$1,562	$1,554	$1,547	$1,539	$6,202	$15,164	$28,078
	$9,730	**$2,670**	**$3,966**	**$6,594**	**$7,543**	**$20,773**	**$7,541**	**$7,432**	**$7,429**	**$7,533**	**$29,935**	**$56,654**	**$101,466**
Net Income before taxes and other items	**($7,535)**	**($1,436)**	**($3,054)**	**($3,844)**	**($2,634)**	**($10,969)**	**($2,589)**	**($2,817)**	**($2,826)**	**($2,616)**	**($10,848)**	**($3,414)**	**$21,055**
Other Items													
Income from Investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gain/(loss) on sale of Inv., Assets, Prospects, Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Income (Loss) before income taxes	($7,535)	($1,436)	($3,054)	($3,844)	($2,634)	($10,969)	($2,589)	($2,817)	($2,826)	($2,616)	($10,848)	($3,414)	$21,055
Income Taxes													
Current tax	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Future tax	$0	($474)	($1,008)	($1,269)	($869)	($3,620)	($855)	($930)	($933)	($863)	($3,580)	($1,127)	$6,948
Net Income before non-controlling interest	($7,535)	($962)	($2,046)	($2,576)	($1,765)	($7,349)	($1,735)	($1,887)	($1,893)	($1,753)	($7,268)	($2,288)	$14,107
Non-Controlling Interests	$215	$129	($676)	($1,067)	($457)	($2,071)	($431)	($537)	($533)	($420)	($1,921)	($1,773)	($3,023)
Net Income	**($7,749)**	**($1,091)**	**($1,370)**	**($1,509)**	**($1,308)**	**($5,278)**	**($1,304)**	**($1,350)**	**($1,360)**	**($1,333)**	**($5,347)**	**($514)**	**$17,130**
Basic shares - opening	16,395.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2
Plus: Equity issued	13,750.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Share buyback	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic shares - closing	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2
Average Shares O/S - Basic (000s)	27,370.4	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2	30,145.2
Average Dilution (000s)	2,214.8	3,322.4	3,322.4	3,322.4	3,322.4	3,322.4	3,322.4	3,322.4	3,322.4	3,322.4	3,322.4	3,322.4	3,322.4
Average Shares O/S - Diluted (000s)	29,585.2	33,467.6	33,467.6	33,467.6	33,467.6	33,467.6	33,467.6	33,467.6	33,467.6	33,467.6	33,467.6	33,467.6	33,467.6
EPS (Basic)	**($0.30)**	**($0.04)**	**($0.05)**	**($0.05)**	**($0.04)**	**($0.18)**	**($0.04)**	**($0.04)**	**($0.05)**	**($0.04)**	**($0.18)**	**($0.02)**	**$0.57**
EPS (Diluted)	**($0.30)**	**($0.04)**	**($0.05)**	**($0.05)**	**($0.04)**	**($0.18)**	**($0.04)**	**($0.04)**	**($0.05)**	**($0.04)**	**($0.18)**	**($0.02)**	**$0.51**
EBITDA (net to PPX, post-minority interest)	($7,612)	($1,374)	($1,487)	($1,373)	($776)	($5,011)	($761)	($887)	($903)	($811)	($3,361)	**$20,440**	**$67,030**
EBITDA/MWh (net to PPX, post-minority interest)		($258)	($419)	($54)	($16)		($16)	($19)	($19)	($17)			

Source: Company reports; Scotia Capital estimates.

Exhibit 77: Pristine Power – Balance Sheet

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Assets													
Current Assets													
Cash and Cash Equivalents	$29,276	$28,521	$26,493	$24,966	$24,247	$24,247	$19,762	$15,121	$10,470	$5,955	$5,955	$0	$0
Accounts Receivable	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350
Due from Related Parties	$425	$425	$425	$425	$425	$425	$425	$425	$425	$425	$425	$425	$425
Prepaid Expenses (incl. bid deposits)	$1,018	$1,018	$1,018	$1,018	$1,018	$1,018	$1,018	$1,018	$1,018	$1,018	$1,018	$1,018	$1,018
Derivative Financial Instruments Asset	$141	$141	$141	$141	$141	$141	$141	$141	$141	$141	$141	$141	$141
	$33,210	**$32,455**	**$30,426**	**$28,900**	**$28,181**	**$28,181**	**$23,696**	**$19,055**	**$14,403**	**$9,889**	**$9,889**	**$3,934**	**$3,934**
Restricted Cash	$32,672	$32,672	$32,672	$32,672	$32,672	$32,672	$32,672	$32,672	$32,672	$32,672	$32,672	$32,672	$32,672
Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Investments	$2,252	$2,252	$2,252	$2,252	$2,252	$2,252	$2,252	$2,252	$2,252	$2,252	$2,252	$2,252	$2,252
PP&E	$101,811	$101,614	$101,417	$100,185	$98,953	$98,953	$116,683	$134,414	$152,144	$169,874	$169,874	$475,267	$530,514
Deferred Development Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Deferred Financing Fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	($50)	($100)	($150)	($200)	($250)	($250)	($300)	($350)	($400)	($450)	($450)	($650)	($850)
Total Assets	**$169,895**	**$168,893**	**$166,618**	**$163,809**	**$161,808**	**$161,808**	**$175,003**	**$188,042**	**$201,072**	**$214,237**	**$214,237**	**$513,475**	**$568,522**
Liabilities													
Current Liabilities													
Revolver	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$38,756	$24,371
Accounts Payable and Accrued Liabilities	$10,245	$10,245	$10,245	$10,245	$10,245	$10,245	$10,245	$10,245	$10,245	$10,245	$10,245	$10,245	$10,245
Due to Related Parties	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75
Current Portion of Deferred Leasehold Inducements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Income Taxes Payable	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$10,320	**$10,320**	**$10,320**	**$10,320**	**$10,320**	**$10,320**	**$10,320**	**$10,320**	**$10,320**	**$10,320**	**$10,320**	**$49,077**	**$34,692**
Long-Term Debt	$88,706	$88,666	$88,437	$88,205	$87,968	$87,968	$102,898	$117,825	$132,747	$147,666	$147,666	$397,275	$452,600
Non-Controlling Interest	$13,520	$13,649	$12,972	$11,906	$11,449	$11,449	$11,017	$10,480	$9,947	$9,527	$9,527	$7,754	$4,730
Other	$316	$316	$316	$316	$316	$316	$316	$316	$316	$316	$316	$316	$316
Total Liabilities	**$112,862**	**$112,951**	**$112,046**	**$110,747**	**$110,053**	**$110,053**	**$124,552**	**$138,941**	**$153,331**	**$167,829**	**$167,829**	**$454,421**	**$492,338**
Shareholders' Equity													
Share Capital	$67,308	$67,308	$67,308	$67,308	$67,308	$67,308	$67,308	$67,308	$67,308	$67,308	$67,308	$80,468	$80,468
Contributed Surplus	$1,593	$1,593	$1,593	$1,593	$1,593	$1,593	$1,593	$1,593	$1,593	$1,593	$1,593	$1,593	$1,593
Retained Earnings	($11,868)	($12,959)	($14,329)	($15,838)	($17,146)	($17,146)	($18,449)	($19,800)	($21,160)	($22,493)	($22,493)	($23,007)	($5,877)
Total Shareholders Equity	**$57,033**	**$55,942**	**$54,572**	**$53,063**	**$51,755**	**$51,755**	**$50,452**	**$49,101**	**$47,741**	**$46,408**	**$46,408**	**$59,054**	**$76,184**
Total Liabilities and Shareholders Equity	**$169,895**	**$168,893**	**$166,618**	**$163,809**	**$161,808**	**$161,808**	**$175,003**	**$188,042**	**$201,072**	**$214,237**	**$214,237**	**$513,475**	**$568,522**

Source: Company reports; Scotia Capital estimates.

Exhibit 78: Pristine Power – Cash Flow Statement

($000s)	2008E	Q109E	Q209E	Q309E	Q409E	2009E	Q110E	Q210E	Q310E	Q410E	2010E	2011E	2012E
Operating Activities													
Net Income (Loss)	($7,749)	($1,091)	($1,370)	($1,509)	($1,308)	($5,278)	($1,304)	($1,350)	($1,360)	($1,333)	($5,347)	($514)	$17,130
Add/(deduct) non-cash items:	$0												
(Gain)/loss on sale of Investments, Assets, Prospects, Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Stock-Based Compensation	$1,151	$50	$50	$50	$50	$200	$50	$50	$50	$50	$200	$200	$200
Depreciation and Amortization	$351	$197	$197	$1,232	$1,232	$2,858	$1,232	$1,232	$1,232	$1,232	$4,929	$12,419	$22,797
Unrealized loss/(gain) on derivatives	($92)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Loss (Income) from Investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Non-controlling interest	$211	$129	($676)	($1,067)	($457)	($2,071)	($431)	($537)	($533)	($420)	($1,921)	($1,773)	($3,023)
Unrealized Foreign Exchange Loss (Gain)	($201)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	($3)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash flow from operations	($6,332)	($715)	($1,799)	($1,294)	($483)	($4,291)	($453)	($605)	($611)	($471)	($2,140)	$10,331	$37,104
Net change in non-cash working capital balances	($1,597)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	($7,930)	($715)	($1,799)	($1,294)	($483)	($4,291)	($453)	($605)	($611)	($471)	($2,140)	$10,331	$37,104
Financing Activities													
Long-term debt advances	$345	$0	$0	$0	$0	$0	$15,170	$15,170	$15,170	$15,170	$60,680	$254,249	$62,436
Long-term debt repayments	($39)	($40)	($229)	($233)	($236)	($738)	($240)	($244)	($247)	($251)	($982)	($4,640)	($7,110)
Advances from partners to PPX	$5,810	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Repayments to partners from PPX	($947)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Deferred Financing Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net issue (buyback) of common shares	$50,360	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$13,160	$0
Net issue of warrants	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Change in Non-Cash Working Capital	($189)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$55,340	($40)	($229)	($233)	($236)	($738)	$14,930	$14,926	$14,923	$14,919	$59,698	$262,769	$55,326
Investing Activities													
Restricted Cash	$42,760	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Advances from PPX to partners	($4,756)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Repayments to PPX from partners (+ misc.)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Investments, acquisitions, prospects and non-con.int contributions	($19,385)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capex & assets under construction	($40,158)	$0	$0	$0	$0	$0	($18,962)	($18,962)	($18,962)	($18,962)	($75,850)	($317,811)	($78,044)
Dererred Development Costs	($957)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Land (acquisition)/sale	($188)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Change in Non-Cash Working Capital	$2,982	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	($19,702)	$0	$0	$0	$0	$0	($18,962)	($18,962)	($18,962)	($18,962)	($75,850)	($317,811)	($78,044)
Unrealized Foreign Exchange (Gain) Loss	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net change in cash and cash equivalents	$27,709	($755)	($2,028)	($1,526)	($719)	($5,029)	($4,485)	($4,641)	($4,651)	($4,515)	($18,292)	($44,711)	$14,385
Cash and cash equivalents - beginning of period	$1,567	$29,276	$28,521	$26,493	$24,966	$29,276	$24,247	$19,762	$15,121	$10,470	$24,247	$5,955	($38,756)
Cash and cash equivalents - end of period	$29,276	$28,521	$26,493	$24,966	$24,247	$24,247	$19,762	$15,121	$10,470	$5,955	$5,955	($38,756)	($24,371)

Source: Company reports; Scotia Capital estimates.

Appendix 1 – Testing the Consolidation Theme

Exhibit 1.1: Canadian Hydro Developers Acquires Boralex

$0.00	**Cash component**
3.300x	**Equity bid ratio**
$9.83	**KHD's offer price per BLX share**
30.25%	**Bid premium**

	BLX	KHD	Newco	Accretion to KHD
Share Price (Pre-Announcement)	$7.55	$2.98		
Share Price (Post Announcement)			**$2.98**	
Shares O/S - Basic (M)	37.7	154.1	**278.7**	
Shares O/S - Fully Diluted (M)	38.8	145.9	**273.9**	
Market Cap - Basic (M)	$285	$459	**$830**	
Market Cap NAV - FD (M)	$582	$1,033	**$1,615**	
NAV per share - FD	$15.01	$7.08	**$5.90**	
Discount to NAV (%)	-50%	-58%	**-49%**	
Cash component of offer			**$0.00**	
EPS 2009E - FD	$0.75	$0.19	$0.21	9%
EPS 2010E - FD	$0.81	$0.22	$0.23	6%
EPS 2011E - FD	$0.90	$0.29	$0.28	-2%
P/E 2009E	10.1x	15.6x	14.3x	-8%
P/E 2010E	9.3x	13.8x	13.0x	-6%
P/E 2011E	8.4x	10.3x	10.6x	2%
CFPS 2009E - Basic	$1.72	$0.48	$0.50	4%
CFPS 2010E - Basic	$1.95	$0.60	$0.59	0%
CFPS 2011E - Basic	$2.13	$0.71	$0.68	-4%
P/CF 2009E	4.4x	6.2x	6.0x	-3%
P/CF 2010E	3.9x	5.0x	5.0x	0%
P/CF 2011E	3.5x	4.2x	4.4x	5%
EV Q3 2008E (M)	$392	$1,139	$1,617	42%
EBITDA 2009E (M)	$78	$111	$189	70%
EBITDA 2010E (M)	$88	$133	$221	66%
EV/EBITDA 2009E (M)	5.0x	10.3x	8.6x	-17%
EV/EBITDA 2010E (M)	4.5x	8.6x	7.3x	-15%
Total Debt Q3 2008 (M)	$165	$718	$884	23%
Total Debt 2009E (M)	$194	$867	$1,061	22%
Shareholders' Equity 2009E (M)	$357	$530	$887	67%
Shareholders' Equity 2010E (M)	$388	$563	$951	69%
Total Debt/(Total Debt + Equity) Q3 2008	32%	58%	50%	-13%
Total Debt/(Total Debt + Equity) 2009E	33%	61%	53%	-13%

Assumptions:
No Synergies
No goodwill amortization

	BLX	KHD	Newco
Net Debt Q3 2008 (M)	**$107**	**$680**	**$787**
Net Debt 2009E (M)	**$93**	**$624**	**$717**
Net Debt 2010E (M)	**$193**	**$706**	**$899**
Cash & Cash Equivalents Q3 2008 (M)	$59	$38	$97
Cash & Cash Equivalents 2009E (M)	$73	$94	$167
Cash & Cash Equivalents 2010E (M)	$0	$161	$162
Working Capital 2009E (M)	$71	$62	$133
Working Capital 2010E (M)	($1)	$127	$126

Source: Scotia Capital estimates.

Exhibit 1.2: Boralex Acquires Canadian Hydro Developers

$0.00	**Cash component**
0.515x	**Equity bid ratio**
$3.89	**BLX's offer price per KHD share**
30.48%	**Bid premium**

	BLX	KHD	Newco	Accretion to BLX
Share Price (Pre-Announcement)	$7.55	$2.98		
Share Price (Post Announcement)			**$7.55**	
Shares O/S - Basic (M)	37.7	154.1	**117.1**	
Shares O/S - Fully Diluted (M)	38.8	145.9	**113.9**	
Market Cap - Basic (M)	$285	$459	**$884**	
Market Cap NAV - FD (M)	$582	$1,033	**$1,615**	
NAV per share - FD	$15.01	$7.08	**$14.17**	
Discount to NAV (%)	-50%	-58%	**-47%**	
Cash component of offer			**$0.00**	
EPS 2009E - FD	$0.75	$0.19	$0.50	-33%
EPS 2010E - FD	$0.81	$0.22	$0.55	-32%
EPS 2011E - FD	$0.90	$0.29	$0.68	-25%
P/E 2009E	10.1x	15.6x	15.1x	50%
P/E 2010E	9.3x	13.8x	13.7x	47%
P/E 2011E	8.4x	10.3x	11.2x	34%
CFPS 2009E - Basic	$1.72	$0.48	$1.19	-31%
CFPS 2010E - Basic	$1.95	$0.60	$1.41	-27%
CFPS 2011E - Basic	$2.13	$0.71	$1.63	-24%
P/CF 2009E	4.4x	6.2x	6.3x	45%
P/CF 2010E	3.9x	5.0x	5.3x	38%
P/CF 2011E	3.5x	4.2x	4.6x	31%
EV Q3 2008E (M)	$392	$1,139	$1,671	327%
EBITDA 2009E (M)	$78	$111	$189	143%
EBITDA 2010E (M)	$88	$133	$221	151%
EV/EBITDA 2009E (M)	5.0x	10.3x	8.9x	76%
EV/EBITDA 2010E (M)	4.5x	8.6x	7.6x	70%
Total Debt Q3 2008 (M)	$165	$718	$884	435%
Total Debt 2009E (M)	$194	$867	$1,061	448%
Shareholders' Equity 2009E (M)	$357	$530	$887	148%
Shareholders' Equity 2010E (M)	$388	$563	$951	145%
Total Debt/(Total Debt + Equity) Q3 2008	32%	58%	50%	58%
Total Debt/(Total Debt + Equity) 2009E	33%	61%	53%	58%

Assumptions:
No Synergies
No goodwill amortization

	BLX	KHD	Newco
Net Debt Q3 2008 (M)	**$107**	**$680**	**$787**
Net Debt 2009E (M)	**$93**	**$624**	**$717**
Net Debt 2010E (M)	**$193**	**$706**	**$899**
Cash & Cash Equivalents Q3 2008 (M)	$59	$38	$97
Cash & Cash Equivalents 2009E (M)	$73	$94	$167
Cash & Cash Equivalents 2010E (M)	$0	$161	$162
Working Capital 2009E (M)	$71	$62	$133
Working Capital 2010E (M)	($1)	$127	$126

Source: Scotia Capital estimates.

Exhibit 1.3: Boralex Acquires Innergex

$0.00	**Cash component**
0.700x	**Equity bid ratio**
$5.29	**BLX's offer price per INE share**
32.13%	**Bid premium**

	BLX	INE	Newco	Accretion to BLX
Share Price (Pre-Announcement)	$7.55	$4.00		
Share Price (Post Announcement)			**$7.55**	
Shares O/S - Basic (M)	37.7	23.5	**54.2**	
Shares O/S - Fully Diluted (M)	38.8	24.9	**56.2**	
Market Cap - Basic (M)	$285	$94	**$409**	
Market Cap NAV - FD (M)	$582	$158	**$740**	
NAV per share - FD	$15.01	$6.35	**$13.17**	
Discount to NAV (%)	-50%	-37%	**-43%**	
Cash component of offer			**$0.00**	
EPS 2009E - FD	$0.75	$0.03	$0.53	-29%
EPS 2010E - FD	$0.81	$0.32	$0.70	-14%
EPS 2011E - FD	$0.90	$0.42	$0.81	-10%
P/E 2009E	10.1x	134.0x	14.2x	41%
P/E 2010E	9.3x	12.6x	10.8x	16%
P/E 2011E	8.4x	9.6x	9.3x	12%
CFPS 2009E - Basic	$1.72	$0.24	$1.30	-24%
CFPS 2010E - Basic	$1.95	$0.80	$1.70	-13%
CFPS 2011E - Basic	$2.13	$1.04	$1.93	-9%
P/CF 2009E	4.4x	16.4x	5.8x	32%
P/CF 2010E	3.9x	5.0x	4.4x	14%
P/CF 2011E	3.5x	3.9x	3.9x	10%
EV Q3 2008E (M)	$392	$189	$611	56%
EBITDA 2009E (M)	$78	$14	$92	18%
EBITDA 2010E (M)	$88	$34	$122	39%
EV/EBITDA 2009E (M)	5.0x	13.3x	6.6x	32%
EV/EBITDA 2010E (M)	4.5x	5.6x	5.0x	13%
Total Debt Q3 2008 (M)	$165	$101	$267	61%
Total Debt 2009E (M)	$194	$182	$375	94%
Shareholders' Equity 2009E (M)	$357	$228	$585	64%
Shareholders' Equity 2010E (M)	$388	$285	$673	73%
Total Debt/(Total Debt + Equity) Q3 2008	32%	31%	31%	-1%
Total Debt/(Total Debt + Equity) 2009E	33%	39%	36%	8%

Assumptions:
No Synergies
No goodwill amortization

	BLX	INE	Newco
Net Debt Q3 2008 (M)	**$107**	**$95**	**$202**
Net Debt 2009E (M)	**$93**	**$101**	**$194**
Net Debt 2010E (M)	**$193**	**$151**	**$344**
Cash & Cash Equivalents Q3 2008 (M)	$59	$6	$65
Cash & Cash Equivalents 2009E (M)	$73	$0	$73
Cash & Cash Equivalents 2010E (M)	$0	$31	$31
Working Capital 2009E (M)	$71	($19)	$53
Working Capital 2010E (M)	($1)	$26	$25

Source: Scotia Capital estimates.

Exhibit 1.4: Brookfield Acquires Canadian Hydro Developers

$3.90	**Cash component**
0.000x	**Equity bid ratio**
$3.90	**BAM's offer price per KHD share**
30.87%	**Bid premium**

	KHD	BAM	Newco	Accretion to BAM
Share Price (Pre-Announcement)	$2.98	$18.55		
Share Price (Post Announcement)			**$18.55**	
Shares O/S - Basic (M)	154.1	583.4	**583.4**	
Shares O/S - Fully Diluted (M)	145.9	611.7	**611.7**	
Market Cap - Basic (M)	$459	$10,822	**$10,822**	
Market Cap NAV - FD (M)	$1,033	$11,115	**$11,578**	
NAV per share - FD	$7.08	$18.17	**$18.93**	
Discount to NAV (%)	-58%	2%	**-2%**	
Cash component of offer			**$569.13**	
EPS 2009E - FD	$0.19	$0.86	$0.90	5%
EPS 2010E - FD	$0.22	$0.97	$1.03	5%
EPS 2011E - FD	$0.29	-	-	-
P/E 2009E	15.6x	21.7x	20.6x	-5%
P/E 2010E	13.8x	19.0x	18.1x	-5%
P/E 2011E	10.3x	-	-	-
CFPS 2009E - Basic	$0.48	$2.21	$2.34	6%
CFPS 2010E - Basic	$0.60	$2.30	$2.46	7%
CFPS 2011E - Basic	$0.71	-	-	-
P/CF 2009E	6.2x	8.4x	7.9x	-5%
P/CF 2010E	5.0x	8.1x	7.6x	-6%
P/CF 2011E	4.2x	-	-	-
EV Q3 2008E (M)	$1,139	$42,501	$43,750	3%
EBITDA 2009E (M)	$111	$3,370	$3,480	3%
EBITDA 2010E (M)	$133	$5,552	$5,684	2%
EV/EBITDA 2009E (M)	10.3x	12.6x	12.6x	0%
EV/EBITDA 2010E (M)	8.6x	7.7x	7.7x	1%
Total Debt Q3 2008 (M)	$718	$33,349	$34,637	4%
Total Debt 2009E (M)	$867	$35,000	$36,436	4%
Shareholders' Equity 2009E (M)	$530	$15,000	$15,530	4%
Shareholders' Equity 2010E (M)	$563	$15,000	$15,563	4%
Total Debt/(Total Debt + Equity) Q3 2008	58%	69%	69%	0%
Total Debt/(Total Debt + Equity) 2009E	61%	70%	70%	0%

Assumptions:
No Synergies
No goodwill amortization

	KHD	BAM	Newco
Net Debt Q3 2008 (M)	**$680**	**$31,679**	**$32,928**
Net Debt 2009E (M)	**$624**	**$31,679**	**$32,872**
Net Debt 2010E (M)	**$706**	**$33,330**	**$34,605**
Cash & Cash Equivalents Q3 2008 (M)	$38	$1,670	$1,708
Cash & Cash Equivalents 2009E (M)	$94	$1,670	$1,764
Cash & Cash Equivalents 2010E (M)	$161	$1,670	$1,831
Working Capital 2009E (M)	$62	($1,510)	($1,448)
Working Capital 2010E (M)	$127	($1,510)	($1,383)

Source: Scotia Capital estimates.

Exhibit 1.5: Brookfield Acquires Boralex

$10.00	**Cash component**
0.000x	**Equity bid ratio**
$10.00	**BAM's offer price per BLX share**
32.45%	**Bid premium**

	BLX	BAM	Newco	Accretion to BAM
Share Price (Pre-Announcement)	$7.55	$18.55		
Share Price (Post Announcement)			**$18.55**	
Shares O/S - Basic (M)	37.7	583.4	**583.4**	
Shares O/S - Fully Diluted (M)	38.8	611.7	**611.7**	
Market Cap - Basic (M)	$285	$10,822	**$10,822**	
Market Cap NAV - FD (M)	$582	$11,115	**$11,309**	
NAV per share - FD	$15.01	$18.17	**$18.49**	
Discount to NAV (%)	-50%	2%	**0%**	
Cash component of offer			**$387.72**	
EPS 2009E - FD	$0.75	$0.86	$0.90	6%
EPS 2010E - FD	$0.81	$0.97	$1.03	5%
EPS 2011E - FD	$0.90	-	-	-
P/E 2009E	10.1x	21.7x	20.5x	-5%
P/E 2010E	9.3x	19.0x	18.1x	-5%
P/E 2011E	8.4x	-	-	-
CFPS 2009E - Basic	$1.72	$2.21	$2.32	5%
CFPS 2010E - Basic	$1.95	$2.30	$2.42	5%
CFPS 2011E - Basic	$2.13	-	-	-
P/CF 2009E	4.4x	8.4x	8.0x	-5%
P/CF 2010E	3.9x	8.1x	7.7x	-5%
P/CF 2011E	3.5x	-	-	-
EV Q3 2008E (M)	$392	$42,501	$42,995	1%
EBITDA 2009E (M)	$78	$3,370	$3,447	2%
EBITDA 2010E (M)	$88	$5,552	$5,639	2%
EV/EBITDA 2009E (M)	5.0x	12.6x	12.5x	-1%
EV/EBITDA 2010E (M)	4.5x	7.7x	7.6x	0%
Total Debt Q3 2008 (M)	$165	$33,349	$33,902	2%
Total Debt 2009E (M)	$194	$35,000	$35,581	2%
Shareholders' Equity 2009E (M)	$357	$15,000	$15,357	2%
Shareholders' Equity 2010E (M)	$388	$15,000	$15,388	3%
Total Debt/(Total Debt + Equity) Q3 2008	32%	69%	69%	0%
Total Debt/(Total Debt + Equity) 2009E	33%	70%	70%	0%

Assumptions:
No Synergies
No goodwill amortization

	BLX	BAM	Newco
Net Debt Q3 2008 (M)	**$107**	**$31,679**	**$32,173**
Net Debt 2009E (M)	**$93**	**$31,679**	**$32,159**
Net Debt 2010E (M)	**$193**	**$33,330**	**$33,911**
Cash & Cash Equivalents Q3 2008 (M)	$59	$1,670	$1,729
Cash & Cash Equivalents 2009E (M)	$73	$1,670	$1,743
Cash & Cash Equivalents 2010E (M)	$0	$1,670	$1,670
Working Capital 2009E (M)	$71	($1,510)	($1,439)
Working Capital 2010E (M)	($1)	($1,510)	($1,511)

Source: Scotia Capital estimates.

Exhibit 1.6: TransAlta Acquires Canadian Hydro Developers

$3.90	**Cash component**
0.000x	**Equity bid ratio**
$3.90	**TA's offer price per KHD share**
30.87%	**Bid premium**

	KHD	TA	Newco	Accretion to TA
Share Price (Pre-Announcement)	$2.98	$24.30		
Share Price (Post Announcement)			**$24.30**	
Shares O/S - Basic (M)	154.1	198.0	**198.0**	
Shares O/S - Fully Diluted (M)	145.9	198.0	**198.0**	
Market Cap - Basic (M)	$459	$4,811	**$4,811**	
Market Cap NAV - FD (M)	$1,033	$5,643	**$6,107**	
NAV per share - FD	$7.08	$28.50	**$30.84**	
Discount to NAV (%)	-58%	-15%	**-21%**	
Cash component of offer			**$569.13**	
EPS 2009E - FD	$0.19	$1.71	$1.85	8%
EPS 2010E - FD	$0.22	$1.89	$2.04	8%
EPS 2011E - FD	$0.29	$1.55	$1.76	14%
P/E 2009E	15.6x	14.2x	13.2x	-8%
P/E 2010E	13.8x	12.9x	11.9x	-8%
P/E 2011E	10.3x	15.7x	13.8x	-12%
CFPS 2009E - Basic	$0.48	$4.27	$4.65	9%
CFPS 2010E - Basic	$0.60	$4.43	$4.89	11%
CFPS 2011E - Basic	$0.71	$4.55	$5.11	12%
P/CF 2009E	6.2x	5.7x	5.2x	-8%
P/CF 2010E	5.0x	5.5x	5.0x	-10%
P/CF 2011E	4.2x	5.3x	4.8x	-11%
EV Q3 2008E (M)	$1,139	$7,689	$8,939	16%
EBITDA 2009E (M)	$111	$1,096	$1,206	10%
EBITDA 2010E (M)	$133	$1,124	$1,256	12%
EV/EBITDA 2009E (M)	10.3x	7.0x	7.4x	6%
EV/EBITDA 2010E (M)	8.6x	6.8x	7.1x	4%
Total Debt Q3 2008 (M)	$718	$2,944	$4,232	44%
Total Debt 2009E (M)	$867	$2,650	$4,086	54%
Shareholders' Equity 2009E (M)	$530	$2,754	$3,284	19%
Shareholders' Equity 2010E (M)	$563	$2,754	$3,317	20%
Total Debt/(Total Debt + Equity) Q3 2008	58%	52%	56%	9%
Total Debt/(Total Debt + Equity) 2009E	61%	49%	55%	13%

Assumptions:
No Synergies
No goodwill amortization

	KHD	TA	Newco
Net Debt Q3 2008 (M)	**$680**	**$2,878**	**$4,127**
Net Debt 2009E (M)	**$624**	**$2,878**	**$4,071**
Net Debt 2010E (M)	**$706**	**$2,584**	**$3,859**
Cash & Cash Equivalents Q3 2008 (M)	$38	$66	$104
Cash & Cash Equivalents 2009E (M)	$94	$66	$160
Cash & Cash Equivalents 2010E (M)	$161	$66	$227
Working Capital 2009E (M)	$62	($715)	($653)
Working Capital 2010E (M)	$127	($715)	($588)

Source: Scotia Capital estimates.

Ehibit 1.7: TransAlta Acquires Pristine Power

$2.60	**Cash component**
0.000x	**Equity bid ratio**
$2.60	**TA's offer price per PPX share**
30.00%	**Bid premium**

	PPX	TA	Newco	Accretion to TA
Share Price (Pre-Announcement)	$2.00	$24.30		
Share Price (Post Announcement)			**$24.30**	
Shares O/S - Basic (M)	30.2	198.0	**198.0**	
Shares O/S - Fully Diluted (M)	34.6	198.0	**198.0**	
Market Cap - Basic (M)	$60	$4,811	**$4,811**	
Market Cap NAV - FD (M)	$113	$5,643	**$5,666**	
NAV per share - FD	$3.27	$28.50	**$28.62**	
Discount to NAV (%)	-39%	-15%	**-15%**	
Cash component of offer			**$89.91**	
EPS 2009E - FD	-$0.18	$1.71	$1.67	-2%
EPS 2010E - FD	-$0.18	$1.89	$1.85	-2%
EPS 2011E - FD	-$0.02	$1.55	$1.55	0%
P/E 2009E	-11.4x	14.2x	14.5x	2%
P/E 2010E	-11.3x	12.9x	13.1x	2%
P/E 2011E	-117.3x	15.7x	15.7x	0%
CFPS 2009E - Basic	-$0.14	$4.27	$4.25	-1%
CFPS 2010E - Basic	-$0.06	$4.43	$4.42	0%
CFPS 2011E - Basic	$0.31	$4.55	$4.60	1%
P/CF 2009E	-14.0x	5.7x	5.7x	1%
P/CF 2010E	-31.3x	5.5x	5.5x	0%
P/CF 2011E	6.5x	5.3x	5.3x	-1%
EV Q3 2008E (M)	$118	$7,689	$7,837	2%
EBITDA 2009E (M)	($3)	$1,096	$1,092	0%
EBITDA 2010E (M)	$0	$1,124	$1,124	0%
EV/EBITDA 2009E (M)	-37.0x	7.0x	7.2x	2%
EV/EBITDA 2010E (M)	418.3x	6.8x	7.0x	2%
Total Debt Q3 2008 (M)	$88	$2,944	$3,122	6%
Total Debt 2009E (M)	$88	$2,650	$2,828	7%
Shareholders' Equity 2009E (M)	$52	$2,754	$2,806	2%
Shareholders' Equity 2010E (M)	$46	$2,754	$2,800	2%
Total Debt/(Total Debt + Equity) Q3 2008	63%	52%	53%	2%
Total Debt/(Total Debt + Equity) 2009E	65%	49%	50%	2%

Assumptions:
No Synergies
No goodwill amortization

	PPX	TA	Newco
Net Debt Q3 2008 (M)	**$58**	**$2,878**	**$3,026**
Net Debt 2009E (M)	**$64**	**$2,878**	**$3,032**
Net Debt 2010E (M)	**$82**	**$2,584**	**$2,756**
Cash & Cash Equivalents Q3 2008 (M)	$31	$66	$97
Cash & Cash Equivalents 2009E (M)	$24	$66	$90
Cash & Cash Equivalents 2010E (M)	$6	$66	$72
Working Capital 2009E (M)	$18	($715)	($697)
Working Capital 2010E (M)	($0)	($715)	($715)

Source: Scotia Capital estimates.

Exhibit 1.8: TransAlta Acquires Boralex

$10.00	**Cash component**
0.000x	**Equity bid ratio**
$10.00	**TA's offer price per BLX share**
32.45%	**Bid premium**

	BLX	TA	Newco	Accretion to TA
Share Price (Pre-Announcement)	$7.55	$24.30		
Share Price (Post Announcement)			**$24.30**	
Shares O/S - Basic (M)	37.7	198.0	**198.0**	
Shares O/S - Fully Diluted (M)	38.8	198.0	**198.0**	
Market Cap - Basic (M)	$285	$4,811	**$4,811**	
Market Cap NAV - FD (M)	$582	$5,643	**$5,837**	
NAV per share - FD	$15.01	$28.50	**$29.48**	
Discount to NAV (%)	-50%	-15%	**-18%**	
Cash component of offer			**$387.72**	
EPS 2009E - FD	$0.75	$1.71	$1.85	9%
EPS 2010E - FD	$0.81	$1.89	$2.04	8%
EPS 2011E - FD	$0.90	$1.55	$1.73	11%
P/E 2009E	10.1x	14.2x	13.1x	-8%
P/E 2010E	9.3x	12.9x	11.9x	-8%
P/E 2011E	8.4x	15.7x	14.1x	-10%
CFPS 2009E - Basic	$1.72	$4.27	$4.60	8%
CFPS 2010E - Basic	$1.95	$4.43	$4.80	8%
CFPS 2011E - Basic	$2.13	$4.55	$4.96	9%
P/CF 2009E	4.4x	5.7x	5.3x	-7%
P/CF 2010E	3.9x	5.5x	5.1x	-8%
P/CF 2011E	3.5x	5.3x	4.9x	-8%
EV Q3 2008E (M)	$392	$7,689	$8,184	6%
EBITDA 2009E (M)	$78	$1,096	$1,173	7%
EBITDA 2010E (M)	$88	$1,124	$1,211	8%
EV/EBITDA 2009E (M)	5.0x	7.0x	7.0x	-1%
EV/EBITDA 2010E (M)	4.5x	6.8x	6.8x	-1%
Total Debt Q3 2008 (M)	$165	$2,944	$3,497	19%
Total Debt 2009E (M)	$194	$2,650	$3,231	22%
Shareholders' Equity 2009E (M)	$357	$2,754	$3,111	13%
Shareholders' Equity 2010E (M)	$388	$2,754	$3,142	14%
Total Debt/(Total Debt + Equity) Q3 2008	32%	52%	53%	2%
Total Debt/(Total Debt + Equity) 2009E	33%	49%	51%	3%

Assumptions:
No Synergies
No goodwill amortization

	BLX	TA	Newco
Net Debt Q3 2008 (M)	**$107**	**$2,878**	**$3,372**
Net Debt 2009E (M)	**$93**	**$2,878**	**$3,358**
Net Debt 2010E (M)	**$193**	**$2,584**	**$3,165**
Cash & Cash Equivalents Q3 2008 (M)	$59	$66	$125
Cash & Cash Equivalents 2009E (M)	$73	$66	$139
Cash & Cash Equivalents 2010E (M)	$0	$66	$66
Working Capital 2009E (M)	$71	($715)	($644)
Working Capital 2010E (M)	($1)	($715)	($716)

Source: Scotia Capital estimates.

Appendix 2 – RES III Registered Proponents

Exhibit 2.1: Renewable Energy Supply III Registered Proponents

	Contract Facility Name	*Contract Facility Location*	*Registered Proponent*
1	Lakehead Wind Park	Municipality of Shuniah (5km NE of Thunder Bay)	Ventus Energy Lakehead Windpower LP
2	Kent Centre Wind Farm	Municipality of Chatham-Kent	Kent Centre Wind Farm Inc.
3	Abitibi Bowater Thunder Bay Mill	2001 Neebing Ave Thunder Bay, ON P7E 6S3	Bowater Canadian Forest Products Inc.
4	Sydenham Wind Farm	Township of Dawn-Euphemia, Lambton County	Sydenham Wind Farm Inc.
5	Nanticoke Wind Farm	Vicinity of Nanticoke, Haldimand County, ON	TCI Renewables Venture
6	Adelaide Wind Farm	Adeladie-Metcalfe Township, Middlesex County, ON	TCI Renewables Venture
7	Merlin I	Municipality of Chatham-Kent	Boralex Inc.
8	Merlin II	Municipality of Chatham-Kent	Boralex Inc.
9	Wind Bkejer II	St. Anne's Island, Walpole Island First Nation	Walpole Island First Nation
10	McLean's Mountain Wind Farm	McLean's Mountain, Manitoulin Island	McLean's Mountain Wind LP
11	Dover East Wind	Port Dover, ON	Tribute Resources Inc.
12	Byran Wind Farm Project	Prince Edward County, ON	SkyPower Corp.
13	Hardwood Hills Wind Farm Project	Renfrew County, ON	SkyPower Corp.
14	Parry Island Wind Farm Project	Parry Island, ON	SkyPower Corp.
15	Amherst Island Wind Project	Amherst Island, Loyalist Township, ON	Windlectric Inc., Algonquin Power Income Fund, Amherst Island Power Corp.
16	White Pines Wind Farm	Ward of South Marysburg, Prince Edward County	White Pines Wind Farm Inc.
17	Parkhill Wind Project	North Middlesex, ON	Canadian Hydro Developers Inc.
18	Greenbelt Solar	Bradford West Gwillimbury, Simcoe County	Juwi Solar Inc.
19	Comber Wind Project	Town of Lakeshore, Municipality of Leamington	Brookfield Renewable Power Inc.
20	Gosfield Wind Project	Town of Kingsville, Municipality of Leamington	Brookfield Renewable Power Inc.
21	Coldwell Wind Project	10km west of Marathon, ON	Brookfield Renewable Power Inc.
22	Dover Wind Energy Centre	Municipality of Chatham-Kent	Dover Wind Power Partnership
23	Conestogo Highlands Wind Energy Centre	Wellington County	Conestogo Wind Power Partnership
24	Raleigh Wind Energy Centre	Municipality of Chatham-Kent	Raleigh Wind Power Partnership
25	Erie Shores Wind Farm Phase II	Port Burwell, ON	AIM Erie Shores Phase II LP
26	Pointe Aux Roches Wind Farm	Town of Lakeshore, ON	AIM RFP Phase I LP
27	East Lake St. Clair Wind Farm	Chatham, ON	AIM RFP Phase I LP
28	Erieau Wind Farm	Blenheim, ON	AIM RFP Phase I LP
29	Talbot Wind Farm	Ridgetown, Chatham-Kent, ON	Renewable Energy Systems Canada Inc
30	Greenwich Lake Wind Farm	Dorion, ON	Renewable Energy Systems Canada Inc
31	Whitney Wind Farm	Township of South Algonquin, Whitney, ON	Renewable Energy Systems Canada Inc
32	Belwood Wind Energy Project	Municipality of Centre Wellington in the County of Wellington Municipality of East Garafraxa in the County of Dufferin	TransCanada Energy Ltd.
33	Romney Wind Energy Project	Municipality of Lakeshore, in the County of Essex Municipality of Leamington, in the County of Essex Municipality of Chatham-Kent	TransCanada Energy Ltd.
34	Merlin Quinn Wind Farm	Towns of Merlin and Quinn, ON	Merlin Quinn Wind Power LP (Acciona Wind Energy Canada Inc.)
35	Kruger Energy Peninsula Wind Project	Town of Marathon	Kruger Energy Inc., or an affiliated special purpose entity
36	Kruger Energy Chatham Wind Project	Municipality of Chatham-Kent	Kruger Energy Inc., or an affiliated special purpose entity
37	Twenty Two Degree Energy Wind Project	Holmesville, Municipality of Central Huron, ON	Twenty Two Degree Energy Corp. & International Power America, Inc.
38	Bornish Wind Farm	Middlesex County, in the area of Parkhill	FPLE Canadian Wind, Inc.

Source: Ontario Power Authority.

Appendix 3 – BC Hydro Clean Power Call Registered Proponents

Exhibit 3.1: BC Hydro Clean Power Call Registered Proponents

Proponent Name	Project Location
0794282 B.C. Ltd.	Revelstoke
0794287 B.C. Ltd.	Revelstoke
0832364 B.C. Ltd. doing business as GreenWing Energy BC	Holberg
	Kelowna
6740103 Canada Corporation	Ashcroft
	Cache Creek
	Fraser Lake
	Merritt
	Princeton
	Vanderhoof
	Westbank
7024061 Canada Corporation	MacKenzie
7025751 Canada Corporation	Dawson Creek
7025769 Canada Corporation	Fort St. John
Aeolis Wind Power Corporation	Hudson's Hope
	Tumbler Ridge
AltaGas Ltd.	Gibsons
	Sparwood
	Stewart
Anderson River Hydro Ltd.	Boston Bar
Atla Energy Corporation	Revelstoke and/or Golden
AXOR Group Inc.	Tumbler Ridge
BowArk Energy Ltd.	Lytton
Box Canyon Hydro Corporation, Sound Energy Inc.	Port Mellon
Canadian Hydro Developers Inc.	Valemount
Castle Mountain Hydro Ltd.	McBride
C-Free Power Corporation	Lillooet
Cloudworks Energy Inc.	Campbell River
	Mission
Confederation Power Hydro Limited Partnership	Kitsault
Creek Power Inc.	Gold Bridge
	Pemberton
EarthFirst Canada Inc.	Chetwynd
	Tumbler Ridge
Enbridge Wind Energy Inc.	TBD
English Bay Energy Limited	Port Hardy
	Prince Rupert
ENMAX Corporation	Burton/Nakusp
	Chilliwack
	Gibsons
	Sechelt
EnPower Development Inc.	Chetwynd
	Hixon
	Quesnel
	Summit Lake
EPCOR Power Development (British Columbia) Limited Partnership	Tumbler Ridge
Finavera Renewables Inc.	Chetwynd
	Tumbler Ridge
Fosthall Creek Power Ltd.	Nakusp
Fred Olsen Renewables (Canada) Ltd.	Peachland
	Prince George
Green Island Energy Ltd	Gold River
Greengen Holdings Ltd doing business as Pacific Greengen Power	Chilliwack
	North Vancouver
HAWKEYE Energy Corporation	Powell River
Hurley River Hydro Limited Partnership	Gold Bridge
Innergex Renewable Energy Inc.	Bella Coola
	Cache Creek
	Lytton
	Merritt
	Port Alice
	Princeton
	Quesnel
	Vanderhoof

Proponent Name	Project Location
Interpac Power Corporation	Terrace
Invenergy Wind Canada ULC	Kamloops
Island Cogeneration No. 2 Inc.	Campbell River
Jervis Inlet Partnership	Egmont
Katabatic Power Corporation	Prince Rupert
Kitamaat Renewable Energy Corporation	Kitimat
Kleana Power Corporation	Campbell River
Klo Wind Energy Project	Houston
Kruger Energy Inc.	Prince George
Kwagis Power Limited Partnership	Port McNeill
Long Lake Joint Venture	Stewart
Max Pacific Power Inc.	Boston Bar
	Chilliwack
	Hope
	Squamish
	Terrace
Nahwitti Wind Power Ltd.	Holberg
NaiKun Wind Development Inc.	Masset
North Coast Wind Energy Corporation	Prince Rupert
Orca Tidal Power Corporation	Campbell River
Pacific Coast Renewable Power Generation	Lillooet
Plutonic Power Corporation	Powell River
Premier Renewable Energy	Fernie
	Lytton
Purcell Green Power Inc.	Kaslo
Robson Valley Power Corporation	McBride
Run of River Power Inc.	Pitt Meadows
	Squamish
Rupert Peace Power Corporation	Port Edward/Prince Rupert
	Tumbler Ridge
Ryan River Joint Venture	Pemberton
Sea Breeze Power Corporation	Grand Forks
	Port Hardy
Selkirk Power Company Ltd.	Golden
	Revelstoke
Spuzzum Creek Power Corp.	Yale
St. Leon Creek Power Corporation	Nakusp
Stlixwim First Project Corporation	Egmont
Stlixwim Partnership	Egmont
SUEZ Renewable Energy, LLC	TBD
Swift Power Corporation	Terrace
Teck Cominco Metals Ltd.	Trail
TransAlta Energy Corporation	MacKenzie
Treaty 8 Development Corporation	MacKenzie
Ucona River Joint Venture	Gold River
Vanport Ecologies Inc.	Fort Nelson
	Squamish
	Victoria
Westface Energy Inc.	Prince George
	Quesnel
Windcor Power Systems Corporation	Merritt
Windlab Developments Canada Ltd.	Kelowna
Zero Emission Energy Developments Inc.	Chetwynd
	Westbank

Source: BC Hydro.

Notes

Appendix A: Important Disclosures

Company	Ticker	Disclosures*
Boralex Inc.	BLX	T
Brookfield Asset Management Inc.	BAM	S, T, U
Canadian Hydro Developers Inc.	KHD	U
Plutonic Power Corporation	PCC	P, S
TransAlta Corporation	TA	H3, S, U
TransCanada Corporation	TRP	H3, S, U

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*	*Legend*
H3	The Head of Equity Research/Supervisory Analyst, in his/her own account or in a related account, owns securities of this issuer.
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S	Scotia Capital Inc. and its affiliates collectively beneficially own in excess of 1% of one or more classes of the issued and outstanding equity securities of this issuer.
T	The Fundamental Research Analyst/Associate has visited material operations of this issuer.
U	Within the last 12 months, Scotia Capital Inc. and/or its affiliates have undertaken an underwriting liability with respect to equity or debt securities of, or have provided advice for a fee with respect to, this issuer.

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We have a three-tiered rating system, with ratings of 1-Sector Outperform, 2-Sector Perform, and 3-Sector Underperform. Each analyst assigns a rating that is relative to his or her coverage universe.

Our risk ranking system provides transparency as to the underlying financial and operational risk of each stock covered. Statistical and judgmental factors considered are: historical financial results, share price volatility, liquidity of the shares, credit ratings, analyst forecasts, consistency and predictability of earnings, EPS growth, dividends, cash flow from operations, and strength of balance sheet. The Director of Research and the Supervisory Analyst jointly make the final determination of all risk rankings.

Ratings

1-Sector Outperform
The stock is expected to outperform the average total return of the analyst's coverage universe by sector over the next 12 months.

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The stock is expected to perform approximately in line with the average total return of the analyst's coverage universe by sector over the next 12 months.

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Risk Rankings

Low
Low financial and operational risk, high predictability of financial results, low stock volatility.

Medium
Moderate financial and operational risk, moderate predictability of financial results, moderate stock volatility.

High
High financial and/or operational risk, low predictability of financial results, high stock volatility.

Caution Warranted
Exceptionally high financial and/or operational risk, exceptionally low predictability of financial results, exceptionally high stock volatility. For risk-tolerant investors only.

Venture
Risk and return consistent with Venture Capital. For risk-tolerant investors only.

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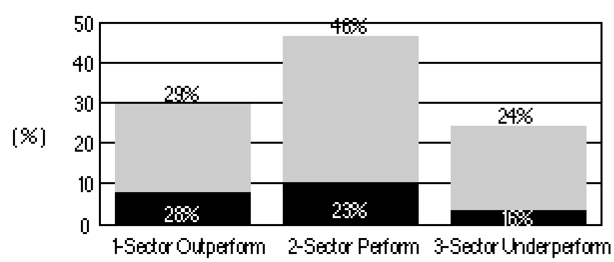

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