

August 10, 2009

Hugo V. Hodge, Jr.  
The Virgin Islands Water and Power Authority  
P.O. Box 1450  
St. Thomas, Virgin Islands, USA 00804-1450

Re: Alpine Waste-to-Energy Project

Dear Hugo:

This letter agreement (this "Letter Agreement") sets forth the mutual understanding and agreement with respect to the proposed investment (the "Investment"), by EIF Alpine, LLC ("EIF"), a Delaware limited liability company wholly-owned by U.S. Power Fund III, through one or more entities disregarded for United States federal income tax purposes as entities separate from EIF (each, an "EIF Sub"), in a proposed refuse-derived fuel and petroleum coke-fired electric generating facility and associated equipment located on the island of St. Croix in the United States Virgin Islands (the "U.S. Virgin Islands"), with expected nominal electrical capacity of 16,000 kW (the "Facility") being developed by the Alpine Energy Group, LLC ("Alpine"), and one or more entities disregarded for United States federal income tax purposes as entities separate from Alpine (each, an "Alpine Sub") and the allocation between EIF, Alpine, each EIF Sub, each Alpine Sub, the Project Company (as defined below), and any entity that is a member of a group that files a consolidated, combined or unitary tax return group that includes EIF, an EIF Sub, an Alpine Sub, or the Project Company (collectively, the "Project Parties"), on the one hand, and the Virgin Islands Water and Power Authority ("WAPA") on the other hand, of any Governmental Incentive (as defined below) accruing to the Project Parties from the ownership and operation of the Facility. Each of EIF, Alpine, and WAPA may be referred to herein as a "Party" and collectively referred to as the "Parties". In consideration of the mutual promises and covenants of each Party contained in this Letter Agreement, as an inducement to WAPA and the Project Company to enter into the PPA (as defined below) and to EIF to make the Investment, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

Section 1. Definitions. Defined terms used and not defined herein shall have the meaning set forth in the respective Power Purchase Agreements of even date herewith between the Project Company and WAPA (the "PPA"). In addition, the following terms have the meanings set forth below:

**"Applicable Laws"** means any and all federal, the U.S. Virgin Islands, state, or local statutes, laws, municipal charter provisions, regulations, ordinances, rules, mandates, judgments, orders, decrees, Permits and Approvals, codes or license requirements, or other governmental requirements or restrictions, or any interpretation or administration of any of the foregoing by any Governmental Authority, that apply to the services or obligations of any Project Party under this Letter Agreement, whether now or hereafter in effect.

**"Governmental Authority"** means (a) the government of the U.S. Virgin Islands, (b) any federal, state, local, municipal or other government, or (c) any other governmental, quasi-governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory, or taxing authority or power having jurisdiction over any Project Party or a Facility.

**"Governmental Incentive"** means (i) any grant, credit, rebate, incentive, or abatement enacted or promulgated by the governments of the U.S. Virgin Islands or the United States after April 28, 2008, and (ii) PTCs, ITCs and ITC Grants, in each case that is attributable to the investment in, cost of or operation of the Facility and that reduces or would reduce the capitalized cost of the Facility or increases after-tax cashflow from the Facility of any of the Project Parties. For the avoidance of doubt, Governmental Incentive shall not include any "Economic Development Benefit" as that term is defined in section 703-1 of the Rules and Regulations of the Economic Development Commission (Title 29 V.I.R.R.) available to the Project Companies pursuant to the application for such Economic Development Benefit filed by each Project Company with said Economic Development Commission on February 20, 2009, or any extension or renewal thereof (including any interpretation or re-interpretation or other decision by the Economic Development Commission as to when a period during which an Economic Development Benefit is available begins), and any tax credit, deduction or similar item available to a direct or indirect owner of an interest in EIF or Alpine.

**"Investor Member"** means any Project Party other than the Project Company.

**"ITCs"** means investment tax credits applicable to electricity produced from certain renewable resources pursuant to 26 U.S.C. § 38.

**"ITC Grant"** means any grant in respect of the Facility that is paid or payable by the United States Department of the Treasury pursuant to Section 1603 of the American Recovery and Reinvestment Act of 2009.

**"Project Company"** means AEG Anguilla Power, LLC, a U.S. Virgin Islands limited liability company and the direct owner of the Facility.

## Section 2. Governmental Incentives.

- a. Allocation of Governmental Incentives. In the event that any Governmental Incentive is or becomes available to any Investor Member, including either the ITC or the ITC Grant (collectively, the "ITC Benefit"), an amount equal to ninety percent (90%) of the benefit of such Governmental Incentive, determined after taking into account, without duplication, (i) reasonable transaction costs, including reasonable attorneys' and accountants' fees, incurred by any Project Party to obtain and utilize the Governmental Incentive, and (ii) the net present value cost of any incremental taxes or other costs incurred or that are reasonably expected to be incurred by any Project Party

(and the direct and indirect beneficial owners of interests in the Investor Members) as a result of such Governmental Incentive or the actions taken to obtain and utilize the Governmental Incentive, taking into account the adjustments or payments to be made pursuant to this Section 2 and Section 4.10 of the PPA, shall accrue to the benefit of WAPA (such amounts, the "WAPA Share"), and the remaining ten percent (10%) of such benefit shall accrue to the benefit of the Investor Member, all in the manner described in Section 2(c) hereto. For purposes of these calculations and the calculations described in Sections 2(c) and 2(d) of this Letter Agreement, (x) net present values shall be computed using the Discount Rate as the discount rate, and (y) no cost shall be taken into account under Section 2(a)(i) or Section 2(a)(ii) of this Letter Agreement unless such cost shall have been incurred as a result of a transaction or steps undertaken (i) pursuant to a written request from WAPA under this Letter Agreement or Section 4.10 of the PPA, or (ii) with the prior written consent from WAPA (it being understood and agreed that a Project Party shall not be obligated to enter into any transaction or take other steps to obtain a Governmental Incentive other than at WAPA's request or following its consent). If the Governmental Incentive is available directly to the Project Company, the amount of the WAPA Share attributable to that Governmental Incentive will be available to WAPA pursuant to Section 4.10 of the PPA.

- b. Qualification for Governmental Incentives. Each of EIF and Alpine shall use, and shall cause the Project Parties to use, such commercially reasonable efforts (including, but not limited to, electing to treat or reorganizing an Investor Member as a United States corporation or U.S. Virgin Islands corporation) as WAPA shall in writing request (upon the provision of notice and supporting documentation as provided in Section 2(g) of this Letter Agreement) to obtain and utilize, to the maximum extent practicable, consistent with Applicable Laws, for the benefit of the Project Parties and WAPA, any such material Governmental Incentive that may be available, including the ITC Benefit; provided that no Project Party shall be required (1) to enter into a sale-leaseback transaction, tax partnership "flip" structure or any other tax equity financing or (2) to enter into any similar transaction, other than electing to treat or reorganizing an EIF Sub or Alpine Sub as a United States corporation or U.S. Virgin Islands corporation, that reasonably could be expected to adversely affect any Project Party or any direct or indirect owner of an interest in an Investor Member (provided that any taxes or costs taken into account pursuant to Section 2(a) or, in the case of Governmental Incentives realized directly by the Project Company, Section 4.10 of the PPA shall be deemed not to have an adverse affect). If the ITC Benefit would be available as a result of such actions, the commercially reasonable efforts by the Project Parties as described in this Section 2(b) shall include (subject to the proviso in the preceding sentence) taking commercially reasonable measures to ensure that the construction, placed in-service date and operation of the Facility proceeds either in accordance with the timeline and all other applicable requirements under (i) Section 1603 of the American Recovery and

Reinvestment Act of 2009 (Pub. L. No. 111-5) in order to qualify for the ITC Grant or (ii) Section 48 of the Internal Revenue Code of 1986, as amended, in order to qualify for the ITC.

c. Procedures.

- i. If any Investor Member qualifies for the ITC Benefit or any other Governmental Incentive, the applicable Investor Member shall pay (or cause to be paid as described in Section 2(c)(iii)) to WAPA an amount equal to the WAPA Share attributable to the ITC Benefit or other Governmental Incentive available to such Investor Member within 10 Business Days following receipt by such Investor Member of the after-tax cash proceeds attributable to the Governmental Incentive (or such longer period, not to exceed 45 days, as may be required under the Senior Financing Documents with respect to amounts not required to be paid directly to WAPA or the collateral account described in Section 2(c)(iii)).
- ii. In the event that an Investor Member is expected to receive a portion of the proceeds of a Governmental Incentive from time to time (or is expected to recognize a reduction in current cash taxes as a result of a Governmental Incentive from time to time) then, within 10 Business Days following each receipt of such proceeds (or recognition of such reduction), or such longer period, not to exceed 45 days, as may be required under the Senior Financing Documents with respect to amounts not required to be paid directly to WAPA or the collateral account described in Section 2(c)(iii), such entity shall pay (or cause to be paid as described in Section 2(c)(iii)) to WAPA an amount equal to 90% of the amount, if any, by which (a) the amount received (or recognized, as described above) exceeds (b) the sum of the previously unreimbursed costs and taxes described in Section 2(a)(i) and Section 2(a)(ii) incurred prior to the receipt of such proceeds (plus interest computed at the Discount Rate on the amount of such unreimbursed costs and expenses from time to time outstanding), provided, however, that in the year in which the last dollar of the Governmental Incentive has been received (or recognized, as described above) by the applicable Investor Member, clause (b) of this sentence shall be modified to include the net present value of all future costs described in Section 2(a)(ii). If, under the proviso of the previous sentence, such amount is a negative number, WAPA shall pay, within 45 Business Days, to the applicable Investor Member the absolute value of such amount, and upon such payment, neither party shall have a future obligation under this Section 2(c) of this Letter Agreement with respect to that Governmental Incentive.
- iii. At the request of WAPA, any Investor Member that is expected to receive any Governmental Incentive that consists of a cash payment or otherwise can be paid directly by a Governmental Authority shall (to the extent

consistent with Applicable Law) direct the applicable Governmental Authority to pay directly to WAPA the WAPA Share of such Governmental Incentive; provided, that if such WAPA Share cannot be paid directly to WAPA by such Governmental Authority, or cannot be paid separately to WAPA apart from the Investor Member's share, then the Investor Member shall establish a separate collateral account into which (to the extent consistent with Applicable Law) the whole of such Governmental Incentives shall be directed, with the Investor Member's share and the costs and expenses described in Section 2(a)(i) and Section 2(a)(ii) to be released promptly to the Investor Member. In addition, at the request of WAPA, any Investor Member that receives, or is expected to receive any Governmental Incentive, shall enter into a control agreement with respect to any collateral account established as described above, or shall establish such other security arrangement with respect to such Governmental Incentives or any proceeds thereof, as may be reasonably requested by WAPA (the "Control Agreement") in order to secure to WAPA the benefit of the WAPA Share. The Investor Member shall use commercially reasonable efforts to avoid any lien, encumbrance, levy or charge on, pledge of, security interest in, or conditional sale or other title retention agreement ("Lien") with respect to the WAPA Share of any Governmental Incentive, or any proceeds thereof, except for the Control Agreement, if any, and no Investor Member shall create, incur, assume or suffer to exist any Lien with respect to the WAPA Share of any Governmental Incentive for the benefit of the Senior Lenders or under the Senior Financing Documents, or for the benefit of any other lender.

- iv. For illustrative purposes, a sample calculation pursuant to Section 2(a), based on hypothetical assumptions, is set forth as Exhibit A to this Agreement.
- d. Repayment. In the event an Investor Member is obligated to repay or recapture all or any portion of any Governmental Incentive, other than by reason of a voluntary disposition by that entity of any direct or indirect beneficial interest in the Project Company or the Facility or the failure of that entity or the Project Company to perform its obligations under this Agreement or the PPA (the amount of any such obligation, a "Repayment Obligation"), that entity shall promptly give WAPA notice of such Repayment Obligation and of the amount thereof and WAPA shall within 45 Business Days of such notice pay that entity ninety percent (90%) of the Repayment Obligation.
- e. Review. In the event that an Investor Member and WAPA disagree as to any amount calculated under this Agreement, the Parties shall resolve such dispute using the procedures set forth in Section 4.10(c) of the PPA.
- f. Audit. WAPA shall have the right, from time to time, to cause a reputable third-party accounting firm reasonably acceptable to the applicable Investor

Member to audit the computation and determination of any amount payable to or by the Investor Member pursuant to this Letter Agreement. In connection with any such review the applicable Investor Member shall make available to such accounting firm its books and records, including their United States federal and U.S. Virgin Islands tax returns; provided, that such accounting firm shall have first entered into a confidentiality agreement reasonably satisfactory to such Investor Member. WAPA shall bear the expense of such audit, unless such audit determines an error in WAPA's favor equal to or greater than 5% of the amount previously determined to be payable by or to the Investor Member, in which case the Investor Member promptly shall reimburse WAPA for the reasonable costs and expenses of such audit. Any information provided to any such accountants by the applicable Investor Member shall be and remain the exclusive property of such Investor Member and shall be deemed to be (and the accountants will confirm in writing that it will treat such information as) the private, proprietary and confidential property of such Investor Member as contemplated by such confidentiality agreement.

- g. Information. Each Investor Member shall provide WAPA with information regarding the obtainment and utilization of any Governmental Incentive available to it, including construction schedules and projected "in-service" dates for the Facility, the application for the ITC Benefit, and any other information which WAPA may from time to time reasonably request.
- h. General. It is the intention of this Letter Agreement that the amounts paid to WAPA by an Investor Member with respect to a Governmental Incentive at no time exceed ninety percent (90%) of the positive after-tax cash flow such entity shall have realized as of such time as a result of such Governmental Incentive after taking into account amounts described in Sections 2(a)(i) and 2(a)(ii) in a manner set forth in Section 2(c), and if at any time any such entity is required to recapture or repay any amount of a Governmental Incentive for which a payment has previously been paid to WAPA, WAPA shall pay such amounts to such entity in accordance with this Letter Agreement as and to the extent described in Section 2(d).

Section 3. Further Assurances. Each Party agrees to, and shall use all reasonable efforts to, provide such information, execute and deliver any instruments and documents and take such action as may be necessary or reasonably requested or required by the other Party which are not inconsistent with the provisions of this Letter Agreement and which do not involve the assumption of obligations other than those provided for in this Letter Agreement in order to give full force and effect to this Letter Agreement and to carry out its intent.

Section 4. Notices. Any notices required to be given hereunder shall be deemed delivered when deposited in the United States mail, certified and return receipt requested, by nationally recognized express courier, or by personal delivery, addressed to the following persons or such other persons as the Parties may designate in writing:

If to WAPA:

The Virgin Islands Water and Power Authority  
P.O. Box 1450  
St. Thomas, Virgin Islands, USA 00804-1450  
Attention: Office of the General Counsel

or by express courier:

The Virgin Islands Water and Power Authority  
8189 Subbase  
St. Thomas, Virgin Islands, USA 00802-5825  
Attention: Office of the General Counsel

If to U.S. Power Fund III:

U.S. Power Fund III  
c/o Energy Investors Funds  
One Penn Plaza, Suite 3306  
250 West 34th Street  
New York, NY 10119  
Attention: Mark Voccola

with a copy to:

Energy Investors Funds  
Three Charles River Place  
63 Kendrick Street  
Needham, MA 02494  
Attention: General Counsel

If to Alpine:

Alpine Energy Group  
3333 S. Bannock St., Suite 500  
Englewood, CO 80110  
Attention: President

Section 5. No Limitation. Nothing contained within this Letter Agreement shall be construed to limit any obligation of the Project Company pursuant to the PPA.

Section 6. Other. Sections 16.5, 18.3, 18.5, 18.6 and 18.8 through 18.12 of the PPA shall apply to this Letter Agreement as though fully set forth herein, *mutatis mutandis*.

Please indicate your agreement to the foregoing by executing this Letter Agreement in the space provided below and returning an original signed copy to us. We look forward to working with WAPA on these exciting projects.

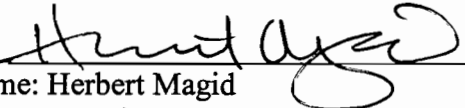
Sincerely,

**EIF Alpine, LLC**

By United States Power Fund III, L.P., its Member

By EIF US Power III, LLC, its General Partner

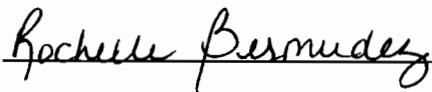
By EIF Management, LLC, its Managing Member

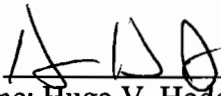
By:   
Name: Herbert Magid  
Title: Managing Partner

Acknowledged and agreed to as of this 10th day of August, 2009:

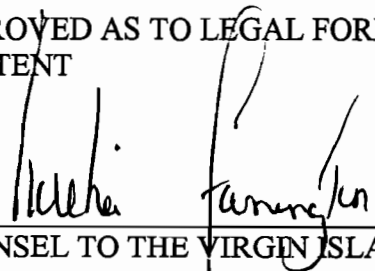
ATTEST:

**VIRGIN ISLANDS WATER AND POWER  
AUTHORITY**



By:  8/10/09  
Name: Hugo V. Hodge, Jr.  
Title: Executive Director, VIWAPA

APPROVED AS TO LEGAL FORM AND  
CONTENT

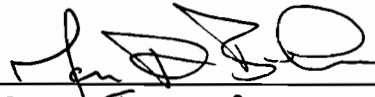
By:  8/10/09  
COUNSEL TO THE VIRGIN ISLANDS WATER  
AND POWER AUTHORITY

ATTEST:

ALPINE ENERGY GROUP, LLC



A handwritten signature in black ink, consisting of stylized, cursive letters, positioned above a horizontal line.

By:   
Name: James D. Beach  
Title: President

Investment Company, a S. Delaware Corp.  
 Investment Company, a S. Delaware Corp.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Less: Interest	(4,500,000)	(4,000,000)	(3,500,000)	(3,000,000)	(2,500,000)	(2,000,000)	(1,500,000)	(1,000,000)	(500,000)	(500,000)	(1,000,000)	(1,500,000)	(2,000,000)	(2,500,000)	(3,000,000)	(3,500,000)	(4,000,000)	(4,500,000)	(5,000,000)	(5,500,000)
Less: DSA	(10,000,000)	(9,000,000)	(8,000,000)	(7,000,000)	(6,000,000)	(5,000,000)	(4,000,000)	(3,000,000)	(2,000,000)	(1,000,000)	(500,000)	(200,000)	(100,000)	(50,000)	(20,000)	(10,000)	(5,000)	(2,500)	(1,250)	(625)
Pre-Tax Income	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Less: P-11c	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)
Add Back Depreciation	10,000,000	9,000,000	8,000,000	7,000,000	6,000,000	5,000,000	4,000,000	3,000,000	2,000,000	1,000,000	500,000	200,000	100,000	50,000	20,000	10,000	5,000	2,500	1,250	625
Cash for Dividend	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000

Investment Company, a S. Delaware Corporation

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 Investment Company, a S. Delaware Corporation

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Less: Interest	(4,500,000)	(4,000,000)	(3,500,000)	(3,000,000)	(2,500,000)	(2,000,000)	(1,500,000)	(1,000,000)	(500,000)	(500,000)	(1,000,000)	(1,500,000)	(2,000,000)	(2,500,000)	(3,000,000)	(3,500,000)	(4,000,000)	(4,500,000)	(5,000,000)	(5,500,000)
Less: DSA	(10,000,000)	(9,000,000)	(8,000,000)	(7,000,000)	(6,000,000)	(5,000,000)	(4,000,000)	(3,000,000)	(2,000,000)	(1,000,000)	(500,000)	(200,000)	(100,000)	(50,000)	(20,000)	(10,000)	(5,000)	(2,500)	(1,250)	(625)
Pre-Tax Income	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Less: P-11c	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)	(1,750,000)
Add Back Depreciation	10,000,000	9,000,000	8,000,000	7,000,000	6,000,000	5,000,000	4,000,000	3,000,000	2,000,000	1,000,000	500,000	200,000	100,000	50,000	20,000	10,000	5,000	2,500	1,250	625
Cash for Dividend	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000

Investment Company, a S. Delaware Corporation  
 Investment Company, a S. Delaware Corporation