

ONTARIO POWER GENERATION

700 University Avenue Toronto, Ontario M5G 1X6

January 22, 2001

**US Nuclear Regulatory Commission
One White Flint North, 11555 Rockville Pike,
Rockville, Maryland
USA
20852-2738**

Dear Sirs / Mesdames,

As you may have read in the press, Ontario Power Generation Inc. ("we" or "OPG") entered into an agreement (the "Master Agreement") on July 11, 2000 to lease two nuclear power generating plants on the Bruce site and sell related assets to Bruce Power L.P. ("Bruce Power"). British Energy plc, which indirectly controls Bruce Power, is also a party to the Master Agreement.

We hope to complete this transaction (the "Bruce Transaction") in May 2001 (the "Closing") once OPG and Bruce Power have obtained the required licenses, permits and consents, including licenses from the Canadian Nuclear Safety Commission and the Ontario Energy Board. At that time, Bruce Power will take over operation of the Bruce site and will carry on the business of generating and selling nuclear power for commercial purposes using the assets sold or leased to Bruce Power by OPG (the "Bruce Business").

You are a valued supplier of ours and our records indicate that we have a current agreement with you which is listed in the attached schedule (the "Supplier Agreement"). As of the Closing, Bruce Power would like to step into this relationship where the Supplier Agreement relates to the Bruce Business and OPG would like to continue its relationship with you in respect of its other operations. In order to achieve this, it will be necessary to create a separate legal relationship between you and Bruce Power, while leaving your relationship with the remainder of OPG intact.

The purpose of this letter is to formally notify you of the Bruce Transaction and our intent to assign to Bruce Power our rights related to the Bruce Business that are contained in the Supplier Agreement. Bruce Power has also signed this letter indicating that it will assume responsibility for the discharge and performance of OPG's liabilities, obligations and responsibilities under the Supplier Agreement that relate to the Bruce Business and that arise on or after Closing. OPG will remain obligated for all liabilities, obligations and responsibilities that relate to the Bruce Business under the Supplier Agreement that arise prior to the Closing as well as those that are related to OPG's operations other than the Bruce Business.

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We also request your consent on certain matters so that there will be a smooth transition from your historical relationship with OPG to a dual relationship between you and Bruce Power on the one hand and you and OPG on the other. By countersigning this letter, you:

- (a) acknowledge that the Supplier Agreement is in full force and effect and consent to the assignment described above, so that as of Closing each of OPG and Bruce Power will have separate agreements with you with the same terms and conditions as those contained in the Supplier Agreement, except as set out below. Bruce Power's agreement with you will relate solely to the Bruce Business and OPG's agreement with you will relate solely to the remainder of OPG's operations;
- (b) consent to the disclosure and transfer by OPG to Bruce Power of information and documentation relating to the Supplier Agreement, including, where applicable, software programs, including source code if it has been supplied by you to OPG, user and maintenance manuals and reports, related data and file structures; this information and documentation is referred to below as "Transfer Materials"; and
- (c) consent to the amendment of the Supplier Agreement between you and OPG and between you and Bruce Power to permit Bruce Power to receive services from OPG and/or its outsourcer, New Horizon System Services ("New Horizon") in connection with the Bruce Business and to disclose the Transfer Materials to OPG and/or New Horizon and to permit OPG and/or New Horizon to use the Transfer Materials so that Bruce Power may, in its discretion, retain OPG and/or New Horizon to assist in operating the Bruce Business.

In exchange for your consent to the above, Bruce Power agrees that you will be able to enforce the Supplier Agreement directly against Bruce Power as of and from the date of Closing in respect of liabilities, obligations and responsibilities to be assumed by Bruce Power, as set out above. You agree that OPG will be released from any and all of its liabilities, obligations and responsibilities arising from the Supplier Agreement for which Bruce Power has assumed responsibility.

Please note that the legal structure of Bruce Power is yet to be determined. Accordingly, by counter-signing this letter, you agree that the assignment of the Supplier Agreement, as described above, and the disclosure and transfer of the Transfer Materials to Bruce Power may be to any one of the following and the term "Bruce Power" will include any of the following: (a) Bruce Power L.P., (b) Bruce Power Inc., the general partner of Bruce Power L.P., on its own behalf and on behalf of Bruce Power L.P. and/or any other partnerships ("Other Partnerships") of which Bruce Power Inc. is a member, which partnerships are intended to operate all or a portion of the assets Bruce Power L.P. is to lease or acquire from OPG, and/or (c) any such Other Partnership.

After the Closing, we will confirm the date of Closing and the identity of the Bruce Power entity that is leasing and/or purchasing the Bruce Business from OPG.

If you have any questions about the Bruce Transaction and the assignment of the Supplier Agreements, please contact Damian McCullough at (416) 207-5610.

We ask that you acknowledge your consent and agreement as outlined above and return a fax and an originally executed copy of this letter to OPG at the following address within 15 working days from the date of this letter:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6


Attention: Dan Dagan

Telecopier: (416) 592-1466

A signed copy of this letter communicated by a fax machine, in counterpart or otherwise, will be valid and legal execution and delivery of this letter.


Yours truly,

ONTARIO POWER GENERATION INC.

by: 

Roger Wright

BRUCE POWER L.P., by its general partner, BRUCE POWER INC.

by: 

Brian Armstrong

ACKNOWLEDGED AND AGREED TO this _____ day of _____, 2001

US Nuclear Regulatory Commission

by: _____

SUPPLIER AGREEMENTS FOR US NUCLEAR REGULATORY COMMISSION

All agreements relating to the following assets, including the following PO(s)

<u>Asset Full Name</u>	<u>Asset Description</u>	<u>PO Number</u>	<u>Licence Number</u>
VICTORIA~ (NTS Version)	Fission product transport in the PHTS - Y2K:Fission product transport in the PHTS		
