

MEMORANDUM OF UNDERSTANDING

BETWEEN

**THE FEDERAL ENERGY REGULATORY COMMISSION
(UNITED STATES OF AMERICA)**

AND

THE MINISTRY OF SCIENCE, TECHNOLOGY, ENERGY AND MINING

AND

THE PETROLEUM CORPORATION OF JAMAICA

This Memorandum of Understanding (MOU) dated July 10, 2012 is between the Federal Energy Regulatory Commission (FERC), 888 First Street NE, Washington, DC and the Ministry of Science, Technology, Energy and Mining, 36 Trafalgar Road, Kingston 10 (MSTEM) and the Petroleum Corporation of Jamaica (PCJ), 36 Trafalgar Road, Kingston 10. The PCJ, MSTEM and FERC are collectively referred to as “the Parties” and each referred to as “the Party”.

THE PARTIES TO this MOU hereby acknowledge and declare as follows:

1. FERC is an independent regulatory agency of the United States government that regulates the interstate transmission of electricity, natural gas, and oil. As a part of its mandate, FERC licenses and inspects non-federal hydroelectric projects and oversees environmental matters related to hydroelectric projects.

2. MSTEM is the Government of Jamaica’s policy arm which establishes the legislative and regulatory frameworks and strategic directions for the operations of various Divisions, Agencies and Departments in the Science, Technology, Energy and Mining Sectors. MSTEM promulgated the National Energy Policy (2009 -2030) and collaborates on the amendment of legislation and regulations which guide the operations of its Agencies and Departments. MSTEM is also responsible for setting priorities and allocating financial and other resources, as appropriate.

3. PCJ, an implementing agency of MSTEM, was established by the Petroleum Act of 1979. The PCJ has established a Centre of Excellence for Sustainable Energy Developments (CESED), which has been charged with the

responsibility to implement investment promotion activities for several small hydroelectric sites, and review the performance of eight (8) existing hydroelectric plants.

4. PCJ recognizes that the existing Jamaican regulatory processes regarding the licensing and operation of current and prospective hydroelectric facilities are outdated, circuitous, time consuming, and inefficient leading to significant upfront costs for investors.

5. The Government of Jamaica, acting through MSTEM, has received financing from the International Bank for Reconstruction and Development (IBRD) towards the cost of Jamaica's Energy Security and Efficiency Project (the Project). This Project is designed to provide comprehensive support to the implementation of Jamaica's National Energy Policy through calendar year 2030.

6. A portion of these IBRD proceeds will be utilized for streamlining and updating regulatory processes surrounding the licensing and operation of renewable energy projects, including hydroelectric facilities, in an effort to address deficiencies noted above in paragraph 3.

7. MSTEM has requested and FERC has agreed that its staff will provide advice to the PCJ on best practices and other matters in order for PCJ to develop and implement its own set of processes best suited to remedy deficiencies in the Jamaican hydroelectric market. FERC will provide PCJ with a list of staff members who will undertake actions pursuant to this MOU together with *curriculum vitae* of such staff members.

8. In addition to providing information and advice to PCJ electronically, face to face or by other means, FERC staff, commencing in the fall of 2012, will periodically travel to Jamaica to provide technical assistance. Technical assistance will consist of:

- (1) Presentations of FERC's licensing process for hydropower applications, including effective methods of communication with multiple federal and state agencies, non-governmental organizations, and the public;
- (2) Discussions of FERC's best practices in small hydropower development and licensing developed over many years; and
- (3) Presentations of licensing options, including exemptions.

Travel expense reimbursements to FERC from MSTEM will be processed through the applicable United States government Federal Travel Regulation to cover transportation costs to and from the United States and Jamaica, lodging, and other per diem expenses.

9. FERC designates Ann Miles, Deputy Director, Office of Energy Projects, (phone 202-502-6769; email Ann.Miles@ferc.gov) and her designees, MSTEM designates Mr. Edgar Wiggins, ESEE Project Manager (phone 876-929-8990; email ewiggins@mstem.gov.jm) and his designees and PCJ designates Mrs. Denise Tulloch, Senior Research Officer (phone 876-929-5380, ext. 344; email: denise.tulloch@pcj.com) and her designees as its point(s) of contact for requesting or providing any data, information, or notifications pursuant to this MOU.

10. Nothing in this MOU should be interpreted as requiring either party to take any action that would be contrary to applicable laws, policies, or interests.

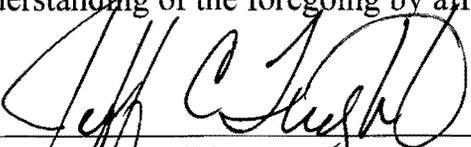
11. This MOU becomes effective as of the date mentioned below, which is also the date of signing, and may be revised or modified only upon the written agreement of the Parties, or as required by changes in relevant laws. Any Party may terminate this MOU upon giving a minimum of 30 days written notice.

12. Any obligations of the Parties as set forth by this MOU shall be governed by the laws of their respective countries.

13. It is understood that this MOU is not contractually binding and only represents the goals and aspirations of the parties.

Agreed to this 10th day of July, 2012.

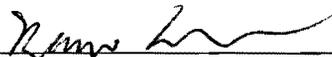
IN WITNESS WHEREOF the Parties to this MOU have signified their understanding of the foregoing by affixing their signatures below.



Jeff C. Wright, Director
Office of Energy Projects
Federal Energy Regulatory Commission



Hillary Alexander, JP
Permanent Secretary
The Ministry of Science, Technology,
Energy and Mining



Mario Anderson, Ph.D.
Group Managing Director
Petroleum Corporation of Jamaica