

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
SEC Accession No. **0000927016-96-001766**

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FILER

IEC FUNDING CORP

CIK: **934665** | IRS No.: **043255377** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **033-87902** | Film No.: **96666877**
SIC: **4911** Electric services

Mailing Address
350 LINCOLN PLACE
HINGHAM MA 02043

Business Address
350 LINCOLN PLACE
HINGHAM MA 02043
6177499800

NORTH JERSEY ENERGY ASSOCIATES

CIK: **934666** | IRS No.: **042955646** | State of Incorporation: **NJ**
Type: **10-Q** | Act: **34** | File No.: **033-87902-01** | Film No.: **96666878**
SIC: **4911** Electric services

Mailing Address
350 LINCOLN PLACE
HINGHAM MA 02043

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HINGHAM MA 02043
6177499800

NORTHEAST ENERGY ASSOCIATES

CIK: **934667** | IRS No.: **042955642** | State of Incorporation: **MA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **033-87902-02** | Film No.: **96666879**
SIC: **4911** Electric services

Mailing Address
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6177499800

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission File number 33-87902
33-87902-01
33-87902-02

IEC Funding Corp.

North Jersey Energy Associates, A Limited Partnership
Northeast Energy Associates, A Limited Partnership

(Exact Name of Registrant as Specified in its Charter)

Delaware 04-3255377
New Jersey 04-2955646
Massachusetts 04-2955642

(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

350 Lincoln Place, Hingham, Massachusetts 02043

(Address of Principal Executive Offices) (Zip Code)

(617) 749-9800

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes No

IEC FUNDING CORP.

NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP
NORTH JERSEY ENERGY ASSOCIATES, A LIMITED PARTNERSHIP

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NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP AND
NORTH JERSEY ENERGY ASSOCIATES, A LIMITED PARTNERSHIP
COMBINED BALANCE SHEET (UNAUDITED)

<TABLE>
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	DECEMBER 31, 1995	SEPTEMBER 30, 1996
	(IN THOUSANDS)	
<S>	<C>	<C>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 58,277	\$ 87,308
Accounts receivable	51,465	52,594
Fuel inventories	4,516	6,632
Prepaid expenses and other current assets	2,913	2,133
Total current assets	117,171	148,667
Cogeneration facilities and carbon dioxide facility (net of accumulated depreciation of \$104,157,000 and \$122,808,000 at December 31, 1995 and September 30, 1996, respectively)		
	397,589	379,745
Unamortized financing costs	20,210	18,410
Other fixed assets (net of accumulated depreciation of \$371,000 and \$452,000 at December 31, 1995 and September 30, 1996, respectively)	485	458
Other assets	3,011	3,607
Restricted cash	78,568	69,156
Total non-current assets	499,863	471,376
Total assets	\$ 617,034	\$ 620,043
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities		
Current portion of loans payable - IEC Funding Corp.	\$ 25,204	\$ 24,640
Accounts payable	14,234	13,523
Accrued interest - IEC Funding Corp.		12,218
Other accrued expenses	2,104	2,845
Future obligations under interest rate swap agreements	3,654	2,369
Total current liabilities	45,196	55,595

Loans payable - IEC Funding Corp.	514,362	502,324
Amounts due utilities for energy bank balances	188,053	211,016
	-----	-----
Total non-current liabilities	702,415	713,340
	-----	-----
Total liabilities	747,611	768,935
	-----	-----
Partners' deficit		
General partner	(4,047)	(4,230)
Limited partners	(126,530)	(144,662)
	-----	-----
Total partners' deficit	(130,577)	(148,892)
	-----	-----
Commitments and contingencies		
	-----	-----
Total liabilities and partners' deficit	\$ 617,034	\$ 620,043
	-----	-----

</TABLE>

The accompanying notes are an integral part of these financial statements

NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP AND
NORTH JERSEY ENERGY ASSOCIATES, A LIMITED PARTNERSHIP
COMBINED STATEMENT OF OPERATIONS (UNAUDITED)

<TABLE>
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	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1995	1996	1995	1996
	(IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
Revenue				
Power sales to utilities	\$ 71,942	\$ 73,170	\$ 211,641	\$ 204,710
Steam sales	1,147	1,128	3,501	3,393
	-----	-----	-----	-----
Total revenue	73,089	74,298	215,142	208,103
	-----	-----	-----	-----
Costs and expenses				
Cost of power and steam sales	32,817	32,735	99,426	103,506
Operation and maintenance	6,726	6,238	18,675	17,019
Depreciation	6,211	6,249	18,637	18,732
General and administrative expenses	3,141	3,481	8,831	10,357
	-----	-----	-----	-----
Total costs and expenses	48,895	48,703	145,569	149,614
	-----	-----	-----	-----
Operating income	24,194	25,595	69,573	58,489
	-----	-----	-----	-----
Other expense (income)				
Amortization of financing costs	643	587	1,565	1,800
Interest expense	12,751	12,334	38,059	37,486
Interest expense on energy bank liabilities	4,273	4,783	12,143	14,375
Interest income	(2,445)	(2,232)	(7,932)	(7,673)
	-----	-----	-----	-----
Total other expense	15,222	15,472	43,835	45,988
	-----	-----	-----	-----
Net income	\$ 8,972	\$ 10,123	\$ 25,738	\$ 12,501
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements

NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP AND
 NORTH JERSEY ENERGY ASSOCIATES, A LIMITED PARTNERSHIP
 COMBINED STATEMENT OF CASH FLOWS
 (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (UNAUDITED)

<TABLE>
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	NINE MONTHS ENDED SEPTEMBER 30,	
	1995	1996
	(IN THOUSANDS)	
<S>	<C>	<C>
Cash flows from operating activities:		
Cash received from utilities and other customers	\$ 215,141	\$ 216,648
Cash paid to suppliers	(122,716)	(128,969)
Interest paid	(27,876)	(26,525)
Bank commitment fees paid	(27)	(27)
Interest received	7,660	9,282
Cash payments to general partner for operating activities	(1,805)	(3,746)
Cash payments to owners/management	(2,671)	(2,765)
	-----	-----
Net cash provided by operating activities	67,706	63,898
	-----	-----
Cash flows from investing activities:		
Net expenditures for facilities	(1,863)	(807)
Purchase of other fixed assets	(40)	(54)
Decrease in restricted cash	3,432	9,412
	-----	-----
Net cash provided by investing activities	1,529	8,551
	-----	-----
Cash flows from financing activities:		
Principal payments on debt	(10,217)	(12,602)
Payment of refinancing costs	(5,739)	-
Distributions to partners	(43,700)	(30,816)
	-----	-----
Net cash used for financing activities	(59,656)	(43,418)
	-----	-----
Net increase in cash and cash equivalents	9,579	29,031
Cash and cash equivalents at beginning of period	76,255	58,277
	-----	-----
Cash and cash equivalents at end of period	\$ 85,834	\$ 87,308
	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements

NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP AND
 NORTH JERSEY ENERGY ASSOCIATES, A LIMITED PARTNERSHIP
 COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
 (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (UNAUDITED)

Reconciliation of Net Income to Net Cash Provided by
 Operating Activities

<TABLE>
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NINE MONTHS
 ENDED
 SEPTEMBER 30,

	1995	1996
	(IN THOUSANDS)	
<S>	<C>	<C>
Net income	\$ 25,738	\$ 12,501
Adjustments to reconcile net income		
to net cash provided by operating activities:		
Depreciation	18,637	18,732
Amortization of financing costs	1,565	1,800
Changes in assets and liabilities		
Accounts receivable	(11,436)	(1,129)
Fuel inventories	(935)	(2,116)
Prepaid expenses and other current assets	(891)	780
Accounts payable	4,119	(711)
Accrued interest	-	12,218
Other accrued expenses	11,835	741
Future obligations under interest rate		
swap agreements	(2,356)	(1,285)
Amounts due utilities for energy bank balances	21,915	22,963
Other assets	(485)	(596)
	-----	-----
Net cash provided by operating activities	\$ 67,706	\$ 63,898
	=====	=====

</TABLE>

The accompanying notes are an integral
part of these financial statements

NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP AND
NORTH JERSEY ENERGY ASSOCIATES, A LIMITED PARTNERSHIP
NOTES TO COMBINED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

The accompanying unaudited combined financial statements should be read in conjunction with the audited combined financial statements included in the Annual Report on Form 10-K for the year ended December 31, 1995 for Northeast Energy Associates, A Limited Partnership, and North Jersey Energy Associates, A Limited Partnership (together, the "Partnerships") and IEC Funding Corp.

The results of operations for the periods ended September 30, 1996 are unaudited and are not necessarily indicative of the results to be expected for the full year. The unaudited financial information at September 30, 1996 and for the periods ended September 30, 1996 contains all adjustments, consisting only of normal recurring adjustments, considered by management necessary for a fair presentation of the operating results for such period.

2. Reclassification

Certain reclassifications were made to the prior year balances in order to conform to current year presentation. These reclassifications had no effect on prior year operating results.

3. Distributions

Distributions to the partners may be made only after all required funds and sub-funds have been fully funded as described in the Trust Indenture. After funding all amounts required under the indenture, the excess cash generated during periods ended June 30 and March 31, 1996 were in excess of approximately \$30.5 million and \$0.3 million, respectively. All conditions under the trust indenture for distributions of such excess cash were satisfied after March 31, 1996 resulting in a distribution of approximately \$8.8 million in April and \$22.0 million in June to the partners in proportion to their designated interests in the Partnerships. No distributions were made during the third quarter of 1996. As of November 2, 1996 excess cash of \$19.1 million was available for distribution. These

funds have been released for payment to the partners.

IEC FUNDING CORP.
BALANCE SHEET (UNAUDITED)

<TABLE>
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	DECEMBER 31, 1995	SEPTEMBER 30, 1996
	(IN THOUSANDS)	
<S>	<C>	<C>
ASSETS		
Current assets		
Cash	\$ 1	\$ 1
Current portion of notes receivable from Northeast Energy Associates and North Jersey Energy Associates (together, the "Partnerships")	25,204	24,640
Interest receivable from the Partnerships	-	12,218
Total current assets	25,205	36,859
Notes receivable from the Partnerships	514,362	502,324
Total assets	\$ 539,567	\$ 539,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of securities payable	\$ 25,204	\$ 24,640
Accrued interest	-	12,218
Total current liabilities	25,204	36,858
Securities payable	514,362	502,324
Total liabilities	539,566	539,182
Stockholders' equity		
Common stock, no par value, 10,000 shares authorized, issued and outstanding	1	1
Total liabilities and stockholders' equity	\$539,567	\$ 539,183

</TABLE>

The accompanying notes are an integral
part of these financial statements

IEC FUNDING CORP.
STATEMENT OF OPERATIONS (UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1995	1996	1995	1996
	(IN THOUSANDS)		(IN THOUSANDS)	
<S>	<C>	<C>	<C>	<C>
Interest income	\$ 12,699	\$ 12,218	\$ 38,386	\$ 37,186
Interest expense	(12,699)	(12,218)	(38,386)	(37,186)

\$ - \$ - \$ - \$ -
=====

</TABLE>

The accompanying notes are an integral
part of these financial statements

IEC FUNDING CORP.
STATEMENT OF CASH FLOWS (UNAUDITED)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30	
	1995	1996
	(IN THOUSANDS)	
<S>	<C>	<C>
Cash Flows from operating activities:		
Interest received from Partnerships	\$ 25,829	\$ 24,968
Interest paid	(25,829)	(24,968)
	-----	-----
Net cash provided by operating activities	-	-
	-----	-----
Cash flows from investing activities:		
Principal payment received from partnerships	10,217	12,602
Principal payment on debt	(10,217)	(12,602)
	-----	-----
Net cash provided by investing activities	-	-
	-----	-----
Cash flows from financing activities	-	-
	-----	-----
Net increase in cash	-	-
	-----	-----
Cash at beginning of period	1	1
	-----	-----
Cash at end of period	\$ 1	\$ 1
	-----	-----

</TABLE>

The accompanying notes are an integral
part of these financial statements

IEC FUNDING CORP.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

BASIS OF PRESENTATION

The accompanying unaudited financial statements should be read in
conjunction with the audited financial statements included in the Annual
Report on Form 10-K for the year ended December 31, 1995 for IEC Funding

Corp. (the "Company") and the Partnerships.

The unaudited financial information at September 30, 1996 and for the periods ended September 30, 1996 contains all adjustments, consisting only of normal recurring adjustments, considered by management necessary for a fair presentation of the operating results for such period.

NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP AND
NORTH JERSEY ENERGY ASSOCIATES, A LIMITED PARTNERSHIP
MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total revenue of \$74.3 million for the third quarter of 1996 increased \$1.2 million (1.7%) as compared to the third quarter of 1995. This increase is a result of the timing of curtailment rights exercised by certain power purchasers. Fewer curtailment hours were requested during the third quarter of 1996 as compared to the third quarter of 1995. It is expected that the remaining curtailment hours available to these utilities under the respective power purchase agreements will be requested during the fourth quarter of 1996. Power purchase rates for the third quarter of 1996 increased slightly on Bellingham contracts and remained flat, on average, for Sayreville. On a year to date basis, total revenue of \$208.1 million in 1996 decreased \$7.0 million (3.2%) as compared to 1995. This decrease is primarily due to scheduled maintenance outages that occurred during the second quarter of 1996 and included a major inspection and maintenance program (scheduled at five year intervals) at the Bellingham facility. Lower rates, on average, under the Sayreville power purchase contract during the first nine months of 1996 also contributed to the revenue decrease. Rates for the Bellingham project increased slightly over the prior year.

Cost of power and steam sales as a percentage of gross revenues (gross of increase to energy bank) was 41.8% for the third quarter of 1996 versus 42.7% for the third quarter of 1995. Year to date costs as a percentage of gross revenues was 47.8% in 1996 as compared to 44.2% in 1995. The decreased cost on a quarterly basis is primarily a result of gains on natural gas swap agreements. On a year to date basis, extended gas service charges by one of the Sayreville facility's suppliers (due to lower temperatures), fixed demand charges under certain fuel contracts (which remain constant regardless of availability) and higher market prices of spot gas (which affect both spot purchases and certain firm contracts) resulted in increased costs.

Operation and maintenance costs decreased \$.5 million as compared to the third quarter of 1995, and decreased \$1.6 million on a year to date basis. These decreases are a result of a one-time 1995 water franchise fee, and a lower performance bonus payable to the O&M contractor in 1996 as a result of scheduled maintenance outages. Offsetting these cost decreases were normal and expected escalations on O&M contracts and increases in property taxes.

General and administrative expenses were \$3.5 million for the third quarter of 1996 as compared to \$3.1 million for the same period in the prior year. On a year to date basis 1996 costs were \$10.3 million as compared to \$8.8 million in 1995. Quarterly and year to date increases include increased insurance and other overhead costs.

Interest expense decreased \$.4 million as compared to the third quarter of 1995 and decreased \$.6 million on a year to date basis. Interest on debt is decreasing in 1996 as a result of principal payments made through June 30, 1996. Principal payments are made semi-annually on June 30 and December 30. Interest on energy bank liabilities has increased, reflecting increases in the underlying amounts accrued for energy bank balances. Interest income has decreased as a result of reduced cash collateral being held in support of letters of credit.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow generated during the nine months ended September 30, 1996 was more than sufficient to fund all operating expenses for the period as well as fund debt service requirements for both June and December of 1996. Debt service reserve requirements specified in the trust indenture remain fulfilled. Through the six months ended June 30, 1996 excess cash of \$30.8 million was distributed to the partners. While no distributions were made during the third quarter of 1996, as of November 2, 1996 excess cash of \$19.1 million was available for distribution and these funds have been released for payment to the partners.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) The following Exhibits are filed herewith:

- 3.7 Agreement of Limited Partnership dated as of October 15, 1996, of Northeast Energy Associates, A Limited Partnership.
- 3.8 Agreement of Limited Partnership dated as of October 15, 1996, of North Jersey Energy Associates, A Limited Partnership.
- 10.10.5 Operation and Maintenance Agreement dated as of May 1, 1995, between NECO-Bellingham, Inc. and Westinghouse Operating Services Company, Inc. (Supersedes Exhibit 10.10.5 previously filed)
- 10.14 Declaration of Easements, Covenants and Restrictions dated as of June 28, 1989, among Northeast Energy Associates, A Limited Partnership, Commonwealth Electric Company, Boston Edison Company and Montaup Electric Company.

(b) There were no reports on Form 8-K filed during the three months ended September 30, 1996.

Pursuant to the requirements of the Securities Exchange Act of 1934, IEC Funding Corp. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IEC FUNDING CORP.

DATE

SIGNATURE AND TITLE

November 14, 1996

/s/ Maureen P. Herbert

Maureen P. Herbert
Vice President of Finance

Pursuant to the requirements of the Securities Exchange Act of 1934, North Jersey Energy Associates, A Limited Partnership has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTH JERSEY ENERGY ASSOCIATES,

A LIMITED PARTNERSHIP

By: INTERCONTINENTAL ENERGY CORPORATION
As General Partner

DATE

SIGNATURE AND TITLE

November 14, 1996

/s/ Maureen P. Herbert

Maureen P. Herbert
Vice President of Finance

Pursuant to the requirements of the Securities Exchange Act of 1934,
Northeast Energy Associates, A Limited Partnership has duly caused this report
to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTHEAST ENERGY ASSOCIATES,
A LIMITED PARTNERSHIP

By: INTERCONTINENTAL ENERGY CORPORATION
As General Partner

DATE

SIGNATURE AND TITLE

November 14, 1996

/s/ Maureen P. Herbert

Maureen P. Herbert
Vice President of Finance

=====

AGREEMENT OF LIMITED PARTNERSHIP

OF

NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP

Dated as of October 15, 1996

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THIS AGREEMENT OF LIMITED PARTNERSHIP dated as of October 15, 1996, among INTERCONTINENTAL ENERGY CORPORATION, a Massachusetts corporation having its principal office at 350 Lincoln Place, Hingham, Massachusetts (herein called "IEC"),

those persons from time to time designated or required to be designated on Schedule A as limited partners (collectively with IEC called the "Partners" and individually called a "Partner").

W I T N E S S E T H:

The Partners previously formed the limited partnership known as Northeast Energy Associates, A Limited Partnership (the "Partnership"), pursuant

to the Uniform Limited Partnership Act of the Commonwealth of Massachusetts, by the filing of a certificate of limited partnership with the Secretary of State of the Commonwealth of Massachusetts on March 31, 1986 (as subsequently amended). The Partners hereby agree to continue the Partnership on the terms and conditions set forth herein and to constitute this Agreement as the entire partnership agreement of the Partners. The Partners hereby further agree as follows:

ARTICLE I

Certain Definitions; General Provisions

SECTION 1.01. Certain Definitions. As used herein:

"Adjusted Capital Account" means, for each Partner and Assignee, such

Partner's or Assignee's Capital Account increased by such Partner's or Assignee's Share of Minimum Gain.

"Affiliate" means, with respect to a Partner, a Person that, directly

or indirectly, controls or is controlled by or is under common control with such Partner or as to an individual is a spouse of such Partner or related by consanguinity to the second degree.

"Agreement" means this Agreement of Limited Partnership, as at any

time amended, modified or restated by a writing signed by all the Partners or signed as permitted by Section 8.04.

"Assignee" means the assignee of all or a portion of the economic

interest in the Partnership held by a Limited Partner.

"Capital Account" means a separate account maintained for each Partner

and Assignee and adjusted in accordance with Regulations under Section 704 of the Code.

To the extent consistent with such Regulations, the adjustments to such accounts shall include the following:

- (i) There shall be credited to each Partner's or Assignee's Capital Account the amount of any cash (which shall not include imputed or actual interest on any deferred contributions) actually contributed by such Partner or Assignee to the capital of the Partnership, the fair market value (without regard to Code Section 7701(g)) of any property contributed by such Partner or Assignee to the capital of the Partnership, the amount of Partnership liabilities assumed by the Partner or Assignee or to which property distributed to the Partner or Assignee was subject and such Partner's or Assignee's share of the Net Profits and Gross Income of the Partnership and of any items in the nature of income or gain separately allocated to the Partners and Assignees; and there shall be charged against each Partner's or Assignee's Capital Account the amount of all cash distributions to such Partner or Assignee, the fair market value (without regard to Code Section 7701(g)) of any property distributed to such Partner or Assignee by the Partnership, the amount of liabilities of the Partner or Assignee assumed by the Partnership or to which property contributed by the Partner or Assignee to the Partnership was subject and such Partner's or Assignee's share of the Net Losses of the Partnership and of any items in the nature of losses or deductions separately allocated to the Partners and

Assignees.

(ii) If the Partnership at any time distributes any of its assets in-kind to any Partner or Assignee, the Capital Account of each Partner and Assignee shall be adjusted to account for that Partner's or Assignee's allocable share of the Net Profits, Net Losses or Gross

Income that would have been realized by the Partnership had it sold the assets that were distributed at their respective fair market values (taking Code Section 7701(g) into account) immediately prior to their distribution.

(iii) In the event any interest in the Partnership is transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the transferred interest.

(iv) If elected by the Partnership, at any time specified in Treasury Regulation Section 1.704-1(b) (2) (iv) (f), the Capital Account balance of each Partner or Assignee shall be adjusted to the extent allowable under such Treasury Regulation to reflect the Partner's and Assignee's allocable share (as determined under Sections 2.05, 2.06 and 2.07) of the Net Profits, Net Losses or Gross Income that would be realized by the Partnership if it sold all of its property at its fair market value (taking Code Section 7701(g) into account) on the day of the adjustment.

"Capital Contributions" means the amount contributed by or on behalf

of a Partner or Assignee to the capital of the Partnership prior to the date hereof or from and after the date hereof pursuant to this Agreement.

"Carrying Value" means, with respect to any asset, the asset's

adjusted basis for federal income tax purposes; provided, however, that (i) upon

a contribution of an asset in-kind, such asset's Carrying Value and (ii) in the circumstances described in paragraph (iv) of the definition of "Capital Account," the Carrying Value of all of the Partnership's assets shall be adjusted to their respective fair market values and shall thereafter be adjusted in accordance with the provisions of Treasury Regulation Section 1.704-1(b) (2) (iv) (g) .

"Code" means the Internal Revenue Code of 1986, as amended from time

to time, or any successor statute. References to sections of the Code include references to all amendatory or successor provisions thereto.

"Distributable Funds" has the meaning specified in Section 5.01(a).

"Economic Risk of Loss" means the risk as determined under Treasury

Regulation Section 1.752-2 (taking all applicable "grandfathering" rules into account) that a Partner or Assignee, or person related to a Partner or Assignee, will suffer an economic loss as a result of the failure of the Partnership to repay a liability.

"Excess Negative Balance" for a Partner or Assignee means the excess,

if any, of (i) the negative balance in a Partner's or Assignee's Capital Account after reducing such balance by the net adjustments, allocations and distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6) which, as of the end of the Partnership's taxable year, are reasonably expected to be made to such Partner or Assignee, over (ii) the sum of (A) the amount, if any, which the Partner or Assignee is required to restore to the Partnership upon liquidation of such Partner's or Assignee's interest in the Partnership (or which is so treated pursuant to Treasury Regulations Section 1.704-1(b)(2)(ii)(c)), (B) the Partner's or Assignee's Share of Minimum Gain and (C) that portion of any indebtedness of the Partnership (other than Partner Nonrecourse Debt) with respect to which the Partner or Assignee bears the Economic Risk of Loss that such indebtedness would not be repaid out of the Partnership's assets if all of the Partnership's assets were sold at their respective Carrying Values as of the end of the fiscal year or other period and the proceeds from the sales together with any amounts described in clause (A), above, were used to pay the Partnership's liabilities.

"Fiscal Year" has the meaning specified in Section 4.03.

"General Partner" means IEC.

"Gross Income" means, for each Fiscal Year or other period, an amount

 equal to the Partnership's gross income as determined for federal income tax purposes for such Fiscal Year or period but computed with the adjustments specified in paragraphs (i), (ii) and (iii) of the definition of "Net Profits" and "Net Losses."

"IEC" has the meaning specified in the heading of this Agreement.

"IEC Funding" means IEC Funding Corp., a Delaware corporation.

"Interest" means, with respect to any Partner, such Partner's interest

in the Partnership and shall include a portion of an Interest not previously divided. The Interest of each Partner as of the date hereof is set forth opposite such Partner's name on Schedule A hereto.

"Limited Partner" means each of those parties designated in Schedule A

as a limited partner in the Partnership and any Person that may be admitted from time to time to the Partnership as a limited partner pursuant to this Agreement (including a Substitute Limited Partner), all as reflected in the Schedule A hereto as in effect at the relevant time.

"Majority Limited Partners" means Limited Partners having Interests

aggregating at least a majority of the Interests of all the Limited Partners at the time.

"Minimum Gain" means the amount determined by computing with respect

to each Nonrecourse Debt of the Partnership, the amount of Gross Income, if any, that would be realized by the Partnership if it disposed of the property securing such debt in full satisfaction thereof, and by then aggregating the amounts so computed. For purposes of determining the amount of such Gross Income with respect to a liability, the Carrying Value of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treasury Regulation Section 1.704-2(d)(2).

"Net Profits" and "Net Losses" mean the taxable income or loss, as the

case may be, for a period as determined in accordance with Code Section 703(a) computed with the following adjustments:

(i) Items of gain, loss, and deduction shall be computed based upon the Carrying Values of the Partnership's assets rather than upon the assets' adjusted bases for federal income tax purposes, and, in particular, except as provided in Treasury Regulation Section 1.704-3(d), the amount of any deductions for depreciation or amortization with respect to an asset for a period shall equal such asset's Carrying Value multiplied by a fraction the numerator of which shall be the amount of depreciation or amortization with respect to such asset allowable for federal income tax purposes for such period and the denominator of which shall be such asset's adjusted basis;

(ii) Any tax-exempt income received by the Partnership shall be included as an item of gross income;

(iii) The amount of any adjustments to the Carrying Values of any

assets of the Partnership pursuant to Code Section 743 shall not be taken into account;

(iv) Any expenditure of the Partnership described in Code Section 705(a)(2)(B) (including any expenditures treated as being described in Section 705(a)(2)(B) pursuant to Treasury Regulations under Code Section 704(b)) shall be treated as a deductible expense; and

(v) The amount of Gross Income and Nonrecourse Deductions specifically allocated to any Partners or Assignees pursuant to Section 2.06 or 2.07(a) shall not be included in the computation.

"NJEA" means North Jersey Energy Associates, A Limited Partnership, a

New Jersey limited partnership.

"Nonrecourse Debt" means any Partnership liability to the extent that

the liability is nonrecourse for purposes of Treasury Regulation Section 1.1001-2.

"Nonrecourse Deductions" for a taxable year means deductions funded by

Nonrecourse Debt (as determined under Treasury Regulation Sections 1.704-2(c) and 1.704-2(i)(2)) for such year and are generally equal to the excess, if any, of (i) the net increase in Minimum Gain during such year over (ii) the sum of (A) the aggregate distributions of proceeds from Nonrecourse Debts attributable to increases in Minimum Gain during such year and (B) increases in Minimum Gain during such year attributable to conversions of liabilities into Nonrecourse Debts.

"Notices" has the meaning specified in Section 8.01(a).

"Partner" and "Partners" have the meanings specified in the heading of

this Agreement.

"Partner Lender" has the meaning specified in Section 2.03(b).

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"Partner Loan" has the meaning specified in Section 2.03(b).

"Partner Nonrecourse Debt" means any Nonrecourse Debt to the extent

that a Partner or Assignee bears the Economic Risk of Loss associated with the debt.

"Partnership" has the meaning specified in the introductory paragraph

of this Agreement.

"Percentage Interest" means the economic interest of each Partner and

Assignee in the Partnership (expressed as a percentage). The Percentage
Interest of each Partner and Assignee as of the date hereof is set forth
opposite such Partner's or Assignee's name on Schedule A hereto.

"Person" means an individual, corporation, limited liability company,

association, partnership, trust or unincorporated organization.

"Project" means, collectively, the Partnership's cogeneration facility

and its carbon dioxide plant and all of their components located in Bellingham,
Massachusetts, all rights, permissions, equipment and property related thereto
and all contract rights used or useful for the operation of such facility and
plant.

"Project Financing Agreements" means the agreements entered into by

the Partnership from time to time in connection with the financing of the
Project or any part thereof, including any instruments evidencing indebtedness
issued or guaranteed by the Partnership thereunder and any agreements granting
liens or security interests on any assets of the Partnership to secure
obligations thereunder. The Project Financing Agreements include (i) the Trust
Indenture dated as of November 15, 1994, among IEC Funding, the Partnership,
NJEA and State Street Bank and Trust Company, as Trustee, (ii) each of the
"Credit Documents" and the "Bellingham Security Documents" (as defined in such
Trust Indenture) to which the Partnership is a party and (iii) any agreements
entered into by the Partnership in connection with the replacement, refinancing
or restructuring of any of the foregoing.

"Roy Limited Partner" means any of John R. Roy, Mary L. Roy, Jock R.

Roy, Stephen B. Roy, Peter A. Roy, Ellen S. Roy or Jane L. Roy and each Limited
Partner who is an Affiliate of any thereof.

"Share of Minimum Gain" means, for each Partner and Assignee, the sum

of such Partner's or Assignee's share of Minimum Gain attributable to
Nonrecourse Debt other than Partner Nonrecourse Debt (computed in accordance
with Treasury Regulation Section 1.704-2(g)) and such Partner's or Assignee's
share of Minimum Gain attributable to Partner Nonrecourse Debt (computed in
accordance with Treasury Regulation Section 1.704-2(i)(5)).

"Substitute Limited Partner" means a Transferee of a Limited Partner's

or Assignee's interest in the Partnership who is admitted to the Partnership as a Limited Partner as provided in Section 6.02(d).

"Transfer" means (i) any sale, conveyance, gift, bequest, assignment

by way of sale or other disposition, (ii) any hypothecation, mortgage, pledge, assignment by way of security or (iii) any creation of any encumbrance of any nature (and whether or not to secure an obligation) of, in each case, an Interest and shall include a similar act in respect of rights to profits, losses and cash distributions (or Percentage Interest) deriving from an Interest.

"Transferor" and "Transferee" shall have corresponding meanings.

"Uniform Act" means the Uniform Limited Partnership Act of the

Commonwealth of Massachusetts.

References in the singular shall include the plural and vice versa and references to the neuter gender shall include the masculine and feminine genders. The terms "including", "include" and "includes" as used herein shall be deemed to be followed by the words "without limitation". References to this Agreement or to any other agreement or document, including any Project Financing Agreement, shall include the same as amended, supplemented, modified or otherwise changed from time to time. References to Schedule A shall be construed to be references to said Schedule A as from time to time changed or required to be changed as provided for herein.

SECTION 1.02. Name. The name of the Partnership shall continue to be

"Northeast Energy Associates, A Limited Partnership". The General Partner may at any time change the name of the Partnership and shall give notice of any such change to the Limited Partners.

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SECTION 1.03. Principal Place of Business. The Partnership's

principal place of business and the office where the books of the Partnership will be maintained shall be at 350 Lincoln Place, Hingham, MA 02043, or at such other place within the continental United States as the General Partner shall designate. The General Partner shall give notice of any change of such principal place of business to the Limited Partners.

SECTION 1.04. Purposes. The purposes of the Partnership shall be to

develop, finance, construct, own, manage, maintain, operate, encumber, exchange,

dispose of and otherwise deal with the Project or any part thereof, to contract with third parties to construct, maintain or operate the Project and to sell the electricity and steam produced by the Project. The Partnership shall have the power to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of such purposes, and for the protection and benefit of the Project.

SECTION 1.05. Duration. The Partnership shall continue until

dissolved pursuant to Section 7.01.

SECTION 1.06. General Partner. IEC shall be the General Partner of

the Partnership. The management of the business and affairs of the Partnership shall be conducted as provided in Article III.

SECTION 1.07. Limited Partners. The Partners identified or required

to be identified from time to time in Schedule A as Limited Partners shall be the Limited Partners of the Partnership. No Limited Partner, in its capacity as a Limited Partner, shall participate in the management of the Partnership, or have any authority or right to transact any business or act for or bind the Partnership in any respect, and no Limited Partner shall ever be (i) personally liable for any part of the debts or other obligations of the Partnership except for any liability expressly assumed in writing by it or (ii) obligated to make contributions to the Partnership in excess of those, if any, required to be made by it pursuant to this Agreement.

SECTION 1.08. Assignees. (a) The Assignees identified or required

to be identified from time to time in Schedule A as Assignees are assignees of Interests of Limited Partners with respect solely to economic interests in the Partnership. No Assignee, in its capacity as an

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Assignee, shall participate in the management of the Partnership, have any authority or right to transact any business or act for or on behalf of the Partnership in any respect and shall have none of the rights and privileges otherwise available to Limited Partners other than to share in the income, gain, loss, deductions, tax credits and distributions of the Partnership. In addition, no Assignee shall ever be (i) personally liable for any part of the debts or obligations of the Partnership except for any liability expressly assumed in writing by it or (ii) obligated to make contributions to the Partnership in excess of those, if any, required to be made by it pursuant to this Agreement.

(b) Each Partner hereby acknowledges and agrees that (i) the Persons identified in Schedule A as of the date hereof as Assignees are the only Assignees existing at the date hereof and (ii) the percentage set forth in

Schedule A as of the date hereof opposite the name of such Partner in the "Percentage Interest" column is the correct Percentage Interest for such Partner as of the date hereof (giving effect to the dilution of the economic interests in the Partnership represented by such Partner's Interest to give effect to the Percentage Interests of the Assignees).

ARTICLE II

Capital and Interests in the Partnership;

Admission of Additional Partners; Financing; Allocations

SECTION 2.01. Initial Capital Contributions. On or before the date

hereof Partners (i) have made cash contributions to the capital of the Partnership in the aggregate amount of \$10,000 or (ii) in the case of some of them, previously have contributed various services to the Partnership. A pro rata share of any cash contributions by the Limited Partners shall be treated as having been transferred to the Assignees in accordance with their respective Percentage Interests.

SECTION 2.02. Admission of Additional Partners. (a) The General

Partner shall have the right to admit additional Limited Partners to the Partnership from time to time. The Interest and Percentage Interest of each such additional Limited Partner (other than a Substitute Limited Partner) shall be as determined by the General Partner. It is understood that the General Partner may agree to a

priority return of any Capital Contributions made by a Partner after the date hereof, and/or a priority return thereon, without the approval of any Limited Partner or Assignee. If any such additional Limited Partner is admitted to the Partnership, the Interest of each other Limited Partner (as in effect prior to such admission) and the Percentage Interest of each other Limited Partner and Assignee shall be reduced ratably to reflect the Interest and Percentage Interest of such additional Limited Partner. The General Partner also shall have the right to admit Substitute Limited Partners pursuant to Section 6.02.

(b) The General Partner shall have the right to admit an additional General Partner to the Partnership with the prior written consent of the Majority Limited Partners. If any Person admitted as an additional General Partner is at the time a Limited Partner, such Person shall be allocated as a General Partner all or a portion of the Interest and Percentage Interest previously held by such Partner as a Limited Partner, as agreed between such Person and the General Partner. If any Person admitted as an additional General Partner is not at the time a Limited Partner, the Interest and Percentage

Interest of such Person as General Partner shall be determined in the same manner as provided in paragraph (a) above with respect to additional Limited Partners, and the Interest of each Limited Partner and the Percentage Interest of each Limited Partner and Assignee shall be reduced ratably to reflect the Interest and Percentage Interest so determined.

(c) Each additional Partner admitted to the Partnership, including any Substitute Limited Partner, shall agree to be bound by the provisions of this Agreement pursuant to an instrument satisfactory to the General Partner. Upon the admission of any such Partner, (i) Schedule A shall be deemed amended to reflect such admission, (ii) the General Partner shall amend the certificate of limited partnership of the Partnership in accordance with the Uniform Act to reflect such admission, and (iii) the General Partner shall notify the Limited Partners of such admission.

SECTION 2.03. Financing of the Partnership; Partner Loans. (a) In

addition to the Capital Contributions provided for in Section 2.01, the money to finance the Project and otherwise to finance the business of the Partnership and any special distributions of cash to the Partners and Assignees shall be derived from loans to or

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revenues of the Partnership. If additional capital is needed by the Partnership for any reason, as determined by the General Partner from time to time, then, after the amount of such needed additional capital shall have been determined by the General Partner, the Partnership will attempt to borrow such amount of additional capital from a third party or parties on such terms as shall be acceptable to the General Partner.

(b) Any Partner may, but shall not be required to, loan funds to the Partnership (or cause an Affiliate of such Partner to loan funds to the Partnership) on such terms as shall be approved by the General Partner and the Partner (or Affiliate thereof) advancing such loan (any such loan being referred to herein as a "Partner Loan" and the lender of any such Partner Loan being

referred to herein as "Partner Lender"). If the General Partner, any Roy

Limited Partner or any Affiliate thereof proposes to make a Partner Loan, then the Partners agree that the terms of such Partner Loan shall be considered fair and reasonable and shall not require any consent or approval of the Limited Partners if:

(i) each Limited Partner is notified of the terms of such Partner Loan and is afforded an opportunity to participate in such Partner Loan as a Partner Lender ratably in accordance with its Interest (which opportunity may be limited to a period, not less than 15 days, following notice of such opportunity, during which Limited Partners must elect whether to participate); or

(ii) the interest rate applicable to such Partner Loan does not exceed the greatest of (x) the greatest interest rate then applicable to any indebtedness of the Partnership plus 2% per annum, (y) the prime rate of The Chase Manhattan Bank, from time to time in effect, plus 2% per annum, and (z) the greatest interest offered to the Partnership by any bank or other financial institution to provide unsecured subordinated loans to the Partnership, as quoted to the General Partner within one year prior to the date such Partner Loan is to be advanced, and in either case the terms of such Partner Loan provide that repayment by the Partnership shall be made only from the net proceeds of any refinancing thereof or from funds that otherwise would be Distributable Funds, as and when available, prior to any distributions to Partners or Assignees, or upon dissolution of the Partnership; or

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(iii) the aggregate amount of such Partner Loan is less than \$50,000,000 and the interest rate applicable thereto does not exceed the greater of (x) the greatest interest rate then applicable to any indebtedness of the Partnership plus 2% per annum, and (y) the prime rate of The Chase Manhattan Bank, from time to time in effect, plus 2% per annum.

(c) This Section 2.03 shall not be construed to prohibit additional Capital Contributions to the Partnership that are made on terms approved by the General Partner and the contributing Partner, but such Capital Contributions shall not be required (except as expressly provided in Section 7.02(c) with respect to the General Partner).

SECTION 2.04. Interest on Capital Contribution. No interest shall be

paid by the Partnership on any Capital Contribution.

SECTION 2.05. General Allocations of Net Profits and Net Losses. (a)

Except as provided in Sections 2.06 and 2.07 below (which shall be applied first), any Net Profits of the Partnership shall be allocated among the Partners and Assignees as follows:

(i) First, in such manner and in such amount as is necessary so that the respective Adjusted Capital Account balances of the Partners and Assignees are in the ratio of their respective Percentage Interests; and

(ii) The balance, if any, to the Partners and Assignees in proportion to their respective Percentage Interests.

(b) Except as provided in Sections 2.06 and 2.07 below (which shall be applied first), any Net Losses of the Partnership shall be allocated among the Partners and Assignees as follows:

(i) First, in such manner and in such amount as is necessary so that the respective Adjusted Capital Account balances of the Partners and Assignees are in the ratio of their respective Percentage Interests; and

(ii) The balance, if any, to the Partners and Assignees in proportion to their respective Percentage Interests.

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(c) Allocations of Net Profits and Net Losses provided for in this Section 2.05 shall be made as of the end of the Fiscal Year or shorter relevant period of the Partnership.

SECTION 2.06. Allocations of Nonrecourse Deductions and Minimum Gain.

Notwithstanding the provisions of Section 2.05 above, the following allocations of Gross Income and Nonrecourse Deductions shall be made in the following order of priority:

(a) If in any year there is a net decrease in the amount of Minimum Gain attributable to either (i) Nonrecourse Debt that is not Partner Nonrecourse Debt or (ii) Partner Nonrecourse Debt, then each Partner and Assignee shall first be allocated items of Gross Income for such year (and, if necessary, subsequent years) in an amount equal to such Partner's or Assignee's share of the net decrease in such Minimum Gain (determined in accordance with Treasury Regulation Sections 1.704-2(g)(2) and 1.704-2(i)(5)) to the minimum extent required by, and in the manner specified in, Treasury Regulation Sections 1.704-2(f) and 1.704-2(i)(4).

(b) All Nonrecourse Deductions of the Partnership for any year other than Nonrecourse Deductions attributable to Partner Nonrecourse Debt shall be allocated to the Partners and Assignees in proportion to their respective Percentage Interests.

(c) All Nonrecourse Deductions of the Partnership for any year attributable to Partner Nonrecourse Debt shall be allocated to the Partners and/or Assignees who bear the Economic Risk of Loss with respect to the debt.

SECTION 2.07. Overriding Allocations of Net Profits and Net Losses.

Notwithstanding the provisions of Section 2.05 above, but subject to the provisions of Section 2.06 above, the following allocations of Gross Income, Net Profits and Net Losses and items thereof shall be made:

(a) If, during any year a Partner or Assignee receives any adjustment, allocation or distribution described in Treasury Regulation Section 1.704-1(b)(2)(iii)(d)(4), or (5) or (6) or any other distribution, and, as a result of such adjustment, allocation or distribution, such Partner's or Assignee's Capital Account has an Excess

Negative Balance, then items of Gross Income for such year (and, if necessary, subsequent years) shall first be allocated to such Partner or Assignee in an amount equal to such Partner's or Assignee's Excess Negative Balance.

(b) In no event shall Net Losses of the Partnership be allocated to a Partner or Assignee if such allocation would cause or increase an Excess Negative Balance in such Partner's Capital Account.

(c) Except to the extent necessary to comply with Sections 2.06(a), 2.07(a) and 2.07(b) hereof, the interest of the General Partner in each item of Partnership income, gain, loss, deduction or credit will be equal to at least one percent (1%) of each of those items at all times during the existence of the Partnership.

(d) Except as otherwise provided herein or as required by Code Section 704, for tax purposes, all items of income, gain, loss, deduction or credit shall be allocated to the Partners and Assignees in the same manner as are Net Profits and Net Losses; provided, however, that if the Carrying Value of ----- any property of the Partnership differs from its adjusted basis for tax purposes, then items of income, gain, loss, deduction or credit related to such property for tax purposes shall be allocated among the Partners and Assignees so as to take account of the variation between the adjusted basis of the property for tax purposes and its Carrying Value in the manner provided for under Code Section 704(c).

SECTION 2.08. Allocations Upon Transfer or Admission. In the event -----

that a Partner or Assignee acquires an interest in the Partnership either by transfer from another Partner or Assignee or by acquisition from the Partnership, the Partnership shall close its books as of the date of the acquisition and Net Profits, Net Losses, Gross Income, Nonrecourse Deductions and items thereof computed for the portion of the year ending on the date of the acquisition shall be allocated among the Partners and Assignees without regard to such acquisition, and Net Profits, Net Losses, Gross Income, Nonrecourse Deductions and items thereof computed for the portion of the year commencing on the day following the date of the acquisition shall be allocated among the Partners and Assignees taking into account such acquisition. For purposes of determining the date on which the acquisition is deemed to occur, the Partnership may make use of any convention allowable under

Section 706(d) of the Code as may be elected by the General Partner in its absolute discretion.

SECTION 2.09. Withdrawal of Capital; Limitation on Distributions,

Priorities. No Partner or Assignee shall be entitled to withdraw any part of

its Capital Contributions to, or to receive any distributions from, the Partnership except as provided in Section 5.01 and Section 7.02. No Partner or Assignee shall be entitled to demand or receive any property other than cash from the Partnership. Except as expressly provided in this Agreement, no Partner or Assignee will have a priority over any other Partner or Assignee as to any distributions from the Partnership.

ARTICLE III

Management

SECTION 3.01. Management. Subject to the terms, conditions and

limitations of this Agreement, the General Partner shall have the exclusive authority and full discretion to manage the business of the Partnership.

SECTION 3.02. Authority of the General Partner. Subject to the terms

and conditions set forth herein, the General Partner shall have all rights and powers required by, or appropriate or incidental to, the management and control of the business and affairs of the Partnership in furtherance of the purposes of the Partnership, and shall possess and may exercise all the rights and powers of a general partner as provided in the Uniform Act, including the right and power to take any of the following actions:

(a) execute any and all agreements, contracts, documents, deeds, certificates, bills of sale and other instruments deemed by the General Partner to be necessary and appropriate in connection with the business and affairs of the Partnership;

(b) acquire or lease as lessee real and personal property and interests therein and dispose of or lease as lessor real or personal property or interests therein;

(c) protect and preserve the Partnership's title and interest in the assets of the Partnership, collect

all amounts due the Partnership, and otherwise claim all rights of the Partnership, and in that connection retain counsel and institute and defend suits and proceedings in the name and on behalf of the Partnership;

(d) engage in financing transactions on behalf of the Partnership, including (i) issuance of debt obligations and incurrence of indebtedness

on behalf of the Partnership, including refinancings and successive refinancings of indebtedness under the Project Financing Agreements and, in connection therewith or to secure performance by the Partnership of any of its obligations, to mortgage, pledge, hypothecate or otherwise grant security interests in assets of the Partnership and (ii) lease financings, including sale-leaseback transactions, with respect to assets of the Partnership (which may include all or substantially all the assets of the Partnership);

(e) pay all debts and obligations of the Partnership, including expenses of the Partnership, to the extent that funds of the Partnership are available therefor and make all distributions to the Partners in accordance with the provisions of this Agreement;

(f) engage in joint transactions for the mutual benefit of the Partnership and NJEA, including joint fuel procurement and transportation arrangements, fuel hedges, power marketing and financing arrangements, it being understood and agreed that indebtedness and other obligations may be incurred jointly with NJEA or through IEC Funding and the Partnership may guarantee indebtedness and other obligations of NJEA or IEC Funding and may grant liens and security interests on assets of the Partnership to secure indebtedness and other obligations of NJEA or IEC Funding pursuant to the Project Financing Agreements or otherwise;

(g) invest surplus cash;

(h) represent the Partnership before Federal, state and municipal authorities and in arbitration proceedings and pay, collect, compromise and otherwise settle claims of, or against, the Partnership;

(i) select depreciation and accounting methods for book and income tax purposes (which decisions may be

different for each such purpose) to the extent not otherwise provided herein;

(j) engage or hire on behalf of or for the benefit of the Partnership independent accountants, architects, lawyers, engineers, management, administrative and clerical help, fuel management, and steam sales personnel, and to procure such other assistance and services, as may seem proper in accordance with the purposes contemplated hereby, and pay therefor such remuneration as the General Partner may determine to be reasonable and appropriate in the circumstances; and

(k) do and perform any acts and exercise all rights, powers and privileges not referred to in this Section 3.02 that the General Partner shall deem necessary to, in connection with, or incidental to the accomplishment of the Partnership purposes, as may be lawfully carried on

or performed by a limited partnership under the laws of the Commonwealth of Massachusetts.

SECTION 3.03. Restrictions on the Authority of the General Partner.

Without limiting the generality of any other provision of this Agreement, without the written consent of the Majority Limited Partners, the General Partner shall not:

(a) do any act in contravention of this Agreement;

(b) do any act which would make it impossible to carry on the ordinary business of the Partnership (other than as provided in Article VII hereof);

(c) admit any Person as a Partner, except as provided in Section 2.02;

(d) elect to dissolve the Partnership (except in accordance with, and under the circumstances described in, Article VII);

(e) lease, sell or otherwise transfer or dispose of all or substantially all the assets of the Partnership except for mortgages, security interests and sale-leaseback transactions permitted by Section 3.02; or

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(f) engage in any transaction with the General Partner or with one or more Roy Limited Partners or an Affiliate of any of them except (i) Partner Loans that do not require approval of the Limited Partners as provided in Section 2.03(b), (ii) payments contemplated by Section 3.04, (iii) admission as a Limited Partner with preferential rights as to distributions of any additional Capital Contributions contributed after the date hereof plus a return thereon not exceeding the greatest interest rate that would be permitted with respect to a Partner Loan pursuant to Section 2.03(b), and (iv) other transactions (which may include Partner Loans and payment of fees or other compensation for services) on terms which are at least as favorable to the Partnership as terms which are available from a Person not the General Partner, a Roy Limited Partner or any such Affiliate.

SECTION 3.04. Compensation, Reimbursement and Fees. (a) The

Partners hereby ratify and approve all compensation paid to the General Partner prior to the date hereof.

(b) For each calendar year, the General Partner shall be compensated by the Partnership for its services by payment to the General Partner of a reasonable annual management fee. Without limiting the generality of the foregoing (and without prejudice to the right of the General Partner to increase

such management fee), it is understood and agreed that the annual management fee provided for in the Project Financing Agreements in effect on the date hereof, in the amount of \$3,500,000 per annum (such amount to be adjusted to reflect changes from January 1, 1994, in the Gross National Product Implicit Price Deflator as published from time to time in the United States Department of Commerce Bureau of Economic Analysis publication entitled "Survey of Current Business" or, if not so published, such other index as shall be used for similar purposes under the Project Financing Agreements), shall be deemed reasonable. Such management fee shall be payable monthly and, if not paid for any reason (including as a result of insufficient funds or any restrictions under the Project Financing Agreements), shall accrue interest until paid at an interest rate equal to the prime rate of The Chase Manhattan Bank from time to time in effect. Such management fee shall be in addition to other amounts payable to the General Partner hereunder.

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(c) The General Partner shall be reimbursed by the Partnership for any third party costs, to the extent reasonably allocable to the Project, the Partnership or IEC Funding, including rent and any independent legal, consulting and accounting fees and expenses.

(d) The General Partner shall be reimbursed by the Partnership for the General Partner's general and administrative expenses, to the extent reasonably allocable to the Project, the Partnership or IEC Funding.

(e) Subject to any restrictions in the Project Financing Agreements, the General Partner shall be reimbursed by the Partnership for compensation (including salary and related benefits) of individuals, to the extent reasonably allocable to the Project, the Partnership or IEC Funding.

(f) It is understood that the annual management fee referred to in paragraph (b) above is solely to compensate the General Partner for services in the ordinary course. The General Partner also shall be entitled to reasonable compensation for services outside the ordinary course, including services in connection with any financing, refinancing, sale-leaseback or other transaction on behalf of the Partnership.

SECTION 3.05. Limitation of Liability and Indemnification. (a) The

General Partner shall not be liable, responsible or accountable in damages or otherwise to any of the Partners or Assignees or the Partnership for or on account of any act performed by the General Partner and believed by it in good faith to be within the scope of the authority conferred by this Agreement, or any failure or refusal to perform any acts except those expressly required by this Agreement, regardless of whether any claim in respect of any such act or failure to act is based on contract, tort (including negligence) or otherwise, except for bad faith, wilful misconduct or gross negligence. For purposes of this provision, any action taken or omitted on written advice of counsel for the Partnership or the General Partner (which counsel may be an employee of the

General Partner) shall be deemed to have been taken or omitted in good faith and without wilful misconduct or gross

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negligence. Unless specifically provided in this Agreement and except as provided by law, the General Partner shall have no liability as a General Partner for the unauthorized acts or omissions of any other Partner, any Assignee or any Affiliate of a Partner or Assignee.

(b) The Partnership, its receiver or its trustee, shall indemnify the General Partner against, and save the General Partner harmless from, any loss, liability, damage or expense (including all liabilities under Federal and state securities laws) incurred in respect of any claim, litigation or other proceeding brought or asserted against the General Partner arising out of or related to any act or omission of the General Partner in connection with the business or activities of the Partnership; provided that such act or omission

was believed by the General Partner in good faith to be within the scope of its authority under this Agreement or was undertaken, not undertaken or made upon written advice of counsel for the Partnership or the General Partner (which counsel may be an employee of the General Partner). This indemnification includes the payment, upon request by the General Partner, of all attorney's fees and other expenses incurred by the General Partner in connection with the defense of any such claim made against it, including, without limitation, any claim asserted by any Limited Partner or Assignee individually, as a class action or as a Partnership derivative action, and costs of settlement of any claim made against it. The indemnification described in this Section 3.05 shall not be available to the General Partner if a court, in a final nonappealable decision, determines that the claim arose because of the General Partner's wilful misconduct or gross negligence.

(c) The General Partner may purchase directors' and officers' insurance and obtain reimbursement for the premiums therefor from the Partnership.

(d) The benefits of this Section 3.05 shall apply to the shareholders, directors, officers, employees, agents and Affiliates of the General Partner to the same extent as to the General Partner.

SECTION 3.06. Other Business Ventures. The General Partner and its

Affiliates may engage, directly or indirectly, in other business ventures of every nature and description, including ownership, development, operation and management of other cogeneration projects in addition to the

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Project (even if such projects compete with the Project), and neither the Partnership nor any Partner or Assignee shall have any claim or rights hereunder

in or to any such other ventures or the income or profits derived therefrom.

ARTICLE IV

Books; Elections; Budgets; Fiscal Year -----

SECTION 4.01. Administrative Services, Books, Records and Reports. -----

(a) The General Partner, or a Person or Persons designated by the General Partner, shall cause to be performed all general and administrative services on behalf of the Partnership in order to assure that complete and accurate books and records of the Partnership are maintained at the Partnership's principal place of business showing the name, address and Interest of each Partner, all receipts and expenditures, assets and liabilities, profits and losses of the Partnership, and all other records necessary for recording the Partnership's business and affairs.

(b) Promptly following any modification of this Agreement made pursuant to Section 8.04 the General Partner will furnish to each other Partner and Assignee notice thereof.

SECTION 4.02. Tax Matters. The General Partner shall be the Tax -----

Matters Partner (as defined in Section 6231(a)(7) of the Code) of the Partnership. The General Partner shall, in its discretion, make all tax elections on behalf of the Partnership, except that if any Partner or Assignee requests, the Partnership shall make an election under Section 754 of the Code at such Partner's or Assignee's expense (which shall be prepaid as a condition to such election, in the discretion of the General Partner). The General Partner shall cause to be prepared, shall sign and shall timely submit all tax returns required to be submitted by the Partnership, at the Partnership's expense. The General Partner shall cooperate with and monitor any Federal or state government taxing authority in any audit that such taxing authority may conduct of the Partnership's books, records or other information or documents and shall take all other action to be taken by it as contemplated by Sections 6221-6232 of the Code.

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SECTION 4.03. Fiscal Year. The fiscal year of the Partnership -----

(herein called the "Fiscal Year") shall be the calendar year.

ARTICLE V

Distributions of Distributable Funds

SECTION 5.01. Distributions of Distributable Funds. (a) The General

Partner shall from time to time determine the amount of the Partnership's cash available for distribution to the Partners and Assignees (herein called "Distributable Funds"). Distributable Funds shall be determined in the

reasonable discretion of the General Partner based upon the amount of cash received by the Partnership (including proceeds of borrowings, if any) after (i) payment of or provision for all operating costs and expenses (excluding depreciation and other non-cash expenses), any capital expenditures, principal of and interest on any debts and other obligations of the Partnership (including any optional prepayment thereof at the General Partner's discretion, as well as mandatory payments), amounts payable to the General Partner pursuant to this Agreement and any other liabilities of the Partnership and (ii) provision for any reserves, deposits or collateral security required to be maintained pursuant to any Project Financing Agreement or any other contract binding upon the Partnership and any other reserves determined by the General Partner to be reasonable or prudent, including reserves for working capital purposes or for payment of any liabilities (contingent or otherwise) of the Partnership. The determination of Distributable Funds also shall be subject to any restrictions and limitations imposed by any Project Financing Agreement or any other contract binding upon the Partnership.

(b) Except as provided in Section 7.02 hereof and except as provided in any amendment or modification to this Agreement providing for distributions on a priority basis, Distributable Funds determined as provided above shall be distributed to the Partners and Assignees ratably in accordance with their respective Percentage Interests as of the date of distribution. The date of any such distribution shall be determined by the General Partner subject to any restrictions and limitations imposed by any Project Financing Agreement or any other contract binding upon the Partnership.

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(c) This Section 5.01 shall not apply to distributions upon dissolution of the Partnership, which shall be made as provided in Article VII.

ARTICLE VI

Transfers of Partnership Interests

SECTION 6.01. Transfer Restrictions. A Transfer shall not be

permitted without the prior written consent of the General Partner, which consent may be withheld in the discretion of the General Partner. If the General Partner consents to a Transfer, the General Partner may impose

conditions upon such Transfer, including conditions that:

(a) the Transferee executes and delivers to the General Partner:

(i) an instrument reasonably satisfactory to the General Partner pursuant to which such Transferee assumes all the obligations of the relevant Transferor with respect to the Interest and/or Percentage Interest transferred and agrees to be bound by the terms of this Agreement (or, in the case of Transfers described in clauses (ii) and (iii) of the definition of that term, a similar instrument that requires that such obligations be assumed and such agreement be made following enforcement of the relevant hypothecation, mortgage, pledge, assignment, security interest or other encumbrance); and

(ii) such additional instruments and documents as shall be reasonably required by the General Partner;

(b) the Transferor delivers to the General Partner an opinion of counsel (reasonably satisfactory to the General Partner) that such Transfer will not:

(i) result, directly or indirectly, in the termination of the Partnership for Federal income tax purposes;

(ii) result in the violation of the Securities Act of 1933 or any other applicable Federal or state securities laws;

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(iii) be a violation of or an event of default under, or result in an acceleration of any indebtedness under, any Project Financing Agreement or other note, mortgage, indenture, loan agreement or similar instrument or document to which the Partnership is a party; or

(iv) result in or create a prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended from time to time, or result in the holder of an Interest or the assets of the Partnership being subject to the provisions of such statute; and

(c) the General Partner is furnished with evidence satisfactory to it that all transaction expenses for which the Transferor is or may be liable and any expenses incurred by the Partnership in connection with such Transfer (including preparation of any part-year tax returns and related matters) have been paid or reimbursed in full.

The General Partner may waive all or any of the conditions described above. In addition, the conditions described above shall not apply to any Transfer of the Interest of the General Partner pursuant to any pledge or security interest granted to secure obligations under any Project Financing Agreement.

SECTION 6.02. Consequences of Transfer. (a) Any Transfer in

contravention of this Agreement shall be void and ineffective and shall not bind or be recognized by the Partnership.

(b) Any Limited Partner who Transfers all his Interest (other than pursuant to a Transfer described in clause (ii) or (iii) of the definition of that term, which Transfer has not yet become effective to divest the Transferor of his Interest) shall cease to be a Limited Partner and shall no longer have the rights and privileges of a Limited Partner except that, unless and until the Transferee is admitted as a Substitute Limited Partner as provided below, the Transferor shall retain the statutory obligations of an assignor limited partner under the Uniform Act.

(c) A Transferee of a Limited Partner's Interest who does not become a Substitute Limited Partner as provided below shall be an Assignee. An Assignee who desires to make a further Transfer of his Percentage Interest shall be

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subject to all the provisions of this Article VI to the same extent as though such Assignee were a Limited Partner. Unless and until such Assignee becomes a Substitute Limited Partner, such Assignee's only right or interest under this Agreement shall be as expressly provided herein for an Assignee.

(d) A Transferee of a Limited Partner's Interest shall become a Substitute Limited Partner only with the prior written consent of the General Partner, which consent may be withheld in the discretion of the General Partner;

provided that any such Transferee that was a Limited Partner prior to the

Transfer shall become a Substitute Limited Partner with respect to the Transferred Interest without the necessity of such consent. If the General Partner grants such consent, such Transferee shall become a Substitute Limited Partner effective upon reflection by the General Partner of such Transferee as a Limited Partner on the books and records of the Partnership.

SECTION 6.03. Mandatory Transfer. (a) If the General Partner and

the Majority Limited Partners approve a sale or other disposition of all, but not less than all, of the Interests in the Partnership, then all the Limited Partners shall be required to Transfer their respective Interests in connection with such sale or other disposition. Each Limited Partner agrees to cooperate with the General Partner in connection with any such sale or disposition and to execute and deliver such instruments and documents as shall be reasonably required by the General Partner in connection therewith, including a bill of sale or other appropriate instrument in order to effect such sale or other disposition. Each Limited Partner also agrees to provide such representations,

warranties, agreements and indemnities in connection with any such sale or disposition as shall be approved by the Majority Limited Partners to be provided by the Limited Partners generally, which may include representations and warranties with respect to the ownership of the Interest being sold or disposed of and the Transfer thereof free and clear of liens and other encumbrances. The proceeds of any sale or other disposition of all the Interests in the Partnership pursuant to this Section shall be paid to the General Partner and, after deducting any fees, expenses or reasonable reserves, the net proceeds shall be distributed to the Partners and Assignees in the respective amounts that the Partners and Assignees would have received had the Partnership sold all of its assets for an amount equal to the sum of (i) the aggregate amount of

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net proceeds received from the sale or other disposition of all of the Interests in the Partnership and (ii) the aggregate amount of the Partnership's liabilities and the Partnership had then liquidated in accordance with Section 7.02(a) hereof.

(b) Any sale or disposition of all the Interests in the Partnership pursuant to this Section shall be effective to Transfer all such Interests free and clear of the claims and interests of all Assignees and vest 100% of the Percentage Interests in the purchaser or purchasers of the Interests. Upon any such sale or disposition, the only rights of the Assignees shall be the right to receive their respective shares of the net proceeds therefrom in accordance with paragraph (a) of this Section. Notwithstanding the foregoing, the General Partner may request that the Assignees cooperate and execute instruments and documents in connection with any such sale or disposition to the same extent as Limited Partners are required to do so pursuant to paragraph (a) of this Section, and if any Assignee fails or refuses to do so then such Assignee's share of the net proceeds may be withheld pending compliance by such Assignee with the requirements of this Section.

ARTICLE VII

Dissolution and Liquidation

SECTION 7.01. Dissolution. The Partnership shall be dissolved upon

the occurrence of any of the following:

(a) December 31, 2036;

(b) the sale, transfer or other disposition of all or substantially all the assets of the Partnership, or the agreement of the General Partner on behalf of the Partnership so to do, except for mortgages or security interests as may be granted to secure obligations of the Partnership and except for lease or sale-leaseback transactions;

(c) the acquisition by a Partner of all of the Interests of the other Partners; or

(d) subject to Section 7.03, upon an event of withdrawal of the General Partner (or, if there is more than

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one General Partner, the last remaining General Partner) within the meaning of the Uniform Act.

SECTION 7.02. Winding Up Affairs and Distributions of Assets. (a)

Upon dissolution of the Partnership (except dissolution pursuant to Section 7.01(c)), the General Partner (and in the case of dissolution pursuant to Section 7.01(d) the Limited Partners), shall proceed to wind up the affairs of the Partnership, liquidate the remaining property and assets of the Partnership and terminate the Partnership. Subject to the requirements of the Uniform Act, the proceeds of such liquidation shall be applied in the following order of priority: (i) first, to the expenses of such liquidation; (ii) second, to the debts and liabilities of the Partnership to third parties, if any, in the order of priority provided by law; (iii) third, to the establishment and maintenance of a reasonable reserve to provide for any contingent or unforeseen liabilities or obligations of the Partnership to third parties to be held and disbursed, at the discretion of the General Partner (and in the case of dissolution pursuant to Section 7.01(d), the Limited Partners) by an escrow agent selected by them, and at the expiration of such period as the General Partner (and in the case of dissolution pursuant to Section 7.01(d), the Limited Partners) may deem advisable, the balance shall be distributed as provided herein; and (iv) fourth, to any and all debts of the Partnership to the Partners and Assignees. The remaining assets of the Partnership, if any, shall be distributed to the Partners and Assignees (or their successors and permitted assigns) in accordance with the balances of the Capital Accounts of each such Partner or Assignee in the ratio of the positive Capital Account balances of all Partners and Assignees (after such Capital Accounts have been adjusted to reflect all allocations required pursuant to Sections 2.05, 2.06 and 2.07).

(b) If any assets of the Partnership are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof, and any Partner or Assignee receiving any interest in such assets shall receive such interest therein as a tenant-in-common with all other Partners and Assignees receiving such an interest. Unless otherwise agreed by all the Partners, the fair market value of such assets shall be determined by an appraiser to be selected by the General Partner and whose fees shall be paid by the Partnership.

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(c) If the General Partner's Capital Account has a deficit balance

(after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), the General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(3), with the funds so contributed to be distributed pursuant to the rules of this Section 7.02.

SECTION 7.03. Continuation of Business of Partnership. If the

Partnership is dissolved by reason of Section 7.01(d), it may be reconstituted and its business continued if within ninety (90) days of such dissolution and by written vote of all the Partners (i) the Limited Partners elect to continue the business; and (ii) the Limited Partners appoint a Person to serve in the capacity of successor general partner of the Partnership.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Notices. (a) All notices, consents, approvals,

reports, designations, requests and other communications (herein collectively called the "Notices") authorized or required to be given pursuant to this Agreement shall be given in writing and either personally served on the Partner or Assignee (or a general partner or an officer of the Partner or Assignee) to whom it is given or mailed by registered, certified or first class mail, postage prepaid, or sent by facsimile or overnight delivery service or courier, addressed as follows:

If to the General Partner:

Intercontinental Energy Corporation
350 Lincoln Place
Hingham, Massachusetts 02043
Attention: President
Facsimile Number: (617) 740-1281

If to a Limited Partner or Assignee, at such Limited Partner's or Assignee's address set forth on Schedule A.

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(b) All Notices shall be deemed given when delivered or, if mailed as provided in Section 8.01(a), on the second day after the day of mailing, or if sent by facsimile, at the time of acknowledgment. Any Partner or Assignee may change its address for the receipt of Notices at any time by giving notice thereof to the General Partner (or, in the case of a change of address of the General Partner, to each of the other Partners and Assignees).

SECTION 8.02. Partnership Act Certificate Requirements. From time to

time the Limited Partners shall sign and swear to all such writings as may be required, if any, to amend the certificate of limited partnership to reflect changes in the Partnership made pursuant to this Agreement or for the carrying out of the terms of this Agreement or, upon dissolution of the Partnership, to cancel such certificate of limited partnership. Each Partner hereby appoints, and each Person who may subsequently become a Partner shall be deemed to have appointed, the General Partner as its true and lawful attorney-in-fact in such Partner's name and behalf to sign, certify under oath and acknowledge each and every such amendment or certificate of cancellation or other instrument that may be required to carry out the terms of this Agreement or to effect the substitution of a Partner. The foregoing power of attorney shall be irrevocable, shall be a power coupled with an interest, and shall survive the Transfer by a Partner or Assignee of its Interest or Percentage Interest or the dissolution of a Partner.

SECTION 8.03. Entire Agreement. This Agreement supersedes all prior

agreements and understandings among the Partners and Assignees with respect to the subject matter hereof.

SECTION 8.04. Modification. No change or modification of this

Agreement shall be effective unless such change or modification is in writing and has been signed by the General Partner and the Majority Limited Partners, except that (i) no change or modification that increases or imposes additional obligations or liabilities upon any Limited Partner under this Agreement shall be effective unless signed by such Limited Partner, (ii) no change or modification that adjusts a Limited Partner's Interest or Percentage Interest (except to give effect to Transfers or redemptions or to the admission of additional Partners as provided in this Agreement) shall be effective unless signed by such Limited Partner and (iii) the written

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consent of all Limited Partners shall be required for any change or modification to this Section 8.04. Notwithstanding the foregoing, any change or modification of this Agreement that may, pursuant to any provision hereof, be made by the General Partner shall be effective upon execution by the General Partner of a written instrument effecting such change or modification. Any change or modification of this Agreement made in accordance with this Section shall be effective and binding on all the Partners and Assignees.

SECTION 8.05. Waivers. No waiver of any breach of any of the terms

of this Agreement shall be effective unless such waiver is in writing and signed by the Partner against whom such waiver is claimed. No waiver of any breach shall be deemed to be a waiver of any other or subsequent breach.

SECTION 8.06. Severability. If any provision of this Agreement shall

be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 8.07. Further Assurances. Each Partner shall execute such

deeds, assignments, endorsements, evidences of Transfer and other instruments and documents and shall give such further assurances as shall be necessary to perform its obligations hereunder.

SECTION 8.08. Investment Representations. Each Partner represents

and warrants that its Interest has been acquired under this Agreement for its own account, for investment, and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling such Interest, and that it will not effect a Transfer, or attempt to effect a Transfer, of its Interest in violation of the Securities Act of 1933, as amended, or any other applicable Federal or state law.

SECTION 8.09. Governing Law. This Agreement shall be governed by and

construed in accordance with the laws of the Commonwealth of Massachusetts.

SECTION 8.10. Counterparts; Effectiveness. This Agreement may be

executed in any number of counterparts, all of which shall constitute one and the same instrument. It

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is not necessary that all signatures be on the same counterpart, and this Agreement may be executed by different parties on separate counterparts. This Agreement shall become effective as of the date hereof when counterparts of this Agreement executed by each Partner have been delivered to the General Partner.

SECTION 8.11. Limitation on Rights of Others. No Person other than a

Partner or Assignee shall have any legal or equitable right, remedy or claim under or in respect of this Agreement. Except to the extent required by the Uniform Act, none of the provisions of this Agreement shall be for the benefit of or be enforceable by any creditor of the Partnership.

SECTION 8.12. Successors and Assigns. This Agreement shall be

binding upon and inure to the benefit of the Partners and Assignees and their respective successors and permitted assigns.

SECTION 8.13. Power of Attorney. Each Limited Partner hereby

constitutes and appoints the General Partner, with unrestricted power of substitution and resubstitution, the true and lawful attorney for such Limited Partner, with power and authority to act in its name and on its behalf to make, execute, sign, acknowledge, deliver, swear to, file and record:

(a) any certificate of limited partnership or similar document, as well as any amendments thereto, which the General Partner may deem to be necessary, desirable or appropriate to evidence or effect the formation of the Partnership or to qualify and continue it as a limited partnership or assure the limited liability of the Limited Partners;

(b) any instrument or document which the General Partner may deem to be necessary, desirable or appropriate to effect the continuation of the Partnership or the dissolution and termination of the Partnership;

(c) any fictitious name or similar certificate required by law to be filed on behalf of the Partnership;

(d) any amendments or modifications to this Agreement that are authorized or approved as provided

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herein, and any other instruments or documents which are authorized pursuant to Section 6.03; or

(e) all such other instruments, documents and certificates as may from time to time be required by the laws of any jurisdiction, domestic or foreign, to effect, implement, continue and defend the valid and subsisting existence of the Partnership and its power to carry out its purposes as set forth in this Agreement;

provided, however, that the General Partner shall not take any action as

attorney-in-fact for any Limited Partner without its consent which would (i) increase the amount of the Capital Contributions payable by such Limited Partner; or (ii) cause such Limited Partner to lose its limited liability status.

It is expressly acknowledged by each Limited Partner that the foregoing power of attorney is coupled with an interest, is irrevocable and shall survive the death, withdrawal, retirement, removal, bankruptcy, insolvency, reorganization, merger, insanity, incompetency or legal incapacity of such Limited Partner and any assignment, transfer or other disposition, whether voluntary, by operation of law or otherwise, by such Limited Partner of all or any portion of its Interest or Percentage Interest and shall extend to its successors, assigns and legal representatives.

SECTION 8.14. References to Agreement. Words such as "herein",

"hereinafter", "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

SECTION 8.15. Paragraph Titles. Captions contained in this Agreement

are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 8.16. Survival of Representations, Warranties and Agreements.

All representations, warranties, and agreements herein shall survive until the dissolution and final liquidation of the Partnership, except to the extent that a representation, warranty or agreement

expressly provides otherwise or was applicable to a specific period of time that has passed.

IN WITNESS WHEREOF, the Partners have duly executed this Agreement as of the day and year first above written.

GENERAL PARTNER:

INTERCONTINENTAL ENERGY CORPORATION,

by /s/ Stephen Roy

Title: President

LIMITED PARTNERS:

/s/ Stephen Roy

Stephen B. Roy

/s/ Peter Roy

Peter A. Roy

Peter Roy, II

Christopher Bonney Roy

/s/Mary L. Roy

Mary L. Roy

/s/ John R. Roy

John R. Roy

s/s Jane L. Roy

Jane L. Roy

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/s/ Ellen Roy

Ellen S. Roy

/s/ Jock R. Roy

Jock R. Roy

=====

AGREEMENT OF LIMITED PARTNERSHIP

OF

NORTH JERSEY ENERGY ASSOCIATES, A LIMITED PARTNERSHIP

Dated as of October 15, 1996

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THIS AGREEMENT OF LIMITED PARTNERSHIP dated as of October 15, 1996, among INTERCONTINENTAL ENERGY CORPORATION, a Massachusetts corporation having its principal office at 350 Lincoln Place, Hingham, Massachusetts (herein called "IEC"), and

those persons from time to time designated or required to be designated on Schedule A as limited partners (collectively with IEC called the "Partners" and individually called a "Partner").

W I T N E S S E T H:

The Partners previously formed the limited partnership known as North Jersey Energy Associates, A Limited Partnership (the "Partnership"), pursuant to

the New Jersey Uniform Limited Partnership Law, by the filing of a certificate of limited partnership with the Secretary of State of the State of New Jersey on November 3, 1986 (as subsequently amended). The Partners hereby agree to continue the Partnership on the terms and conditions set forth herein and to constitute this Agreement as the entire partnership agreement of the Partners. The Partners hereby further agree as follows:

ARTICLE I

Certain Definitions; General Provisions

SECTION 1.01. Certain Definitions. As used herein:

"Adjusted Capital Account" means, for each Partner and Assignee, such

Partner's or Assignee's Capital Account increased by such Partner's or Assignee's Share of Minimum Gain.

"Affiliate" means, with respect to a Partner, a Person that, directly

or indirectly, controls or is controlled by or is under common control with such Partner or as to an individual is a spouse of such Partner or related by consanguinity to the second degree.

"Agreement" means this Agreement of Limited Partnership, as at any

time amended, modified or restated by

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a writing signed by all the Partners or signed as permitted by Section 8.04.

"Assignee" means the assignee of all or a portion of the economic

interest in the Partnership held by a Limited Partner.

"Capital Account" means a separate account maintained for each Partner

and Assignee and adjusted in accordance with Regulations under Section 704 of the Code. To the extent consistent with such Regulations, the adjustments to such accounts shall include the following:

(i) There shall be credited to each Partner's or Assignee's Capital Account the amount of any cash (which shall not include imputed or actual interest on any deferred contributions) actually contributed by such Partner or Assignee to the capital of the Partnership, the fair market value (without regard to Code Section 7701(g)) of any property contributed by such Partner or Assignee to the capital of the Partnership, the amount of Partnership liabilities assumed by the Partner or Assignee or to which property distributed to the Partner or Assignee was subject and such Partner's or Assignee's share of the Net Profits and Gross Income of the Partnership and of any items in the nature of income or gain separately allocated to the Partners and Assignees; and there shall be charged against each Partner's or Assignee's Capital Account the amount of all cash distributions to such Partner or Assignee, the fair market value (without regard to Code Section 7701(g)) of any property distributed to such Partner or Assignee by the Partnership, the amount of liabilities of the Partner or Assignee assumed by the Partnership or to which property contributed by the Partner or Assignee to the Partnership was subject and such Partner's or Assignee's share of the Net Losses of the Partnership and of any items in the nature of losses or deductions separately allocated to the Partners and Assignees.

(ii) If the Partnership at any time distributes any of its assets in-kind to any Partner or Assignee, the Capital Account of each Partner and Assignee shall be adjusted to account for that Partner's or Assignee's allocable share of the Net Profits, Net Losses or Gross Income that would have been realized by the Partnership had it sold the assets that were distributed at their

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respective fair market values (taking Code Section 7701(g) into account) immediately prior to their distribution.

(iii) In the event any interest in the Partnership is transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the transferred interest.

(iv) If elected by the Partnership, at any time specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), the Capital Account balance of each Partner or Assignee shall be adjusted to the extent allowable under such Treasury Regulation to reflect the Partner's and Assignee's allocable share (as determined under Sections 2.05, 2.06 and 2.07) of the Net Profits, Net Losses or Gross Income that would be realized by the Partnership if it sold all of its property at its fair market value (taking Code Section 7701(g) into account) on the day of the adjustment.

"Capital Contributions" means the amount contributed by or on behalf

of a Partner or Assignee to the capital of the Partnership prior to the date hereof or from and after the date hereof pursuant to this Agreement.

"Carrying Value" means, with respect to any asset, the asset's

adjusted basis for federal income tax purposes; provided, however, that (i) upon a contribution of an asset in-kind, such asset's Carrying Value and (ii) in the circumstances described in paragraph (iv) of the definition of "Capital Account," the Carrying Value of all of the Partnership's assets shall be adjusted to their respective fair market values and shall thereafter be adjusted in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(g).

"Code" means the Internal Revenue Code of 1986, as amended from time

to time, or any successor statute. References to sections of the Code include references to all amendatory or successor provisions thereto.

"Distributable Funds" has the meaning specified in Section 5.01(a).

"Economic Risk of Loss" means the risk as determined under Treasury

Regulation Section 1.752-2 (taking

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all applicable "grandfathering" rules into account) that a Partner or Assignee, or person related to a Partner or Assignee, will suffer an economic loss as a result of the failure of the Partnership to repay a liability.

"Excess Negative Balance" for a Partner or Assignee means the excess,

if any, of (i) the negative balance in a Partner's or Assignee's Capital Account after reducing such balance by the net adjustments, allocations and distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6) which, as of the end of the Partnership's taxable year, are reasonably expected to be made to such Partner or Assignee, over (ii) the sum of (A) the amount, if any, which the Partner or Assignee is required to restore to the Partnership upon liquidation of such Partner's or Assignee's interest in the Partnership (or which is so treated pursuant to Treasury Regulations Section 1.704-1(b)(2)(ii)(c)), (B) the Partner's or Assignee's Share of Minimum Gain and (C) that portion of any indebtedness of the Partnership (other than Partner Nonrecourse Debt) with respect to which the Partner or Assignee bears the Economic Risk of Loss that such indebtedness would not be repaid out of the Partnership's assets if all of the Partnership's assets were sold at their respective Carrying Values as of the end of the fiscal year or other period and the proceeds from the sales together with any amounts described in clause (A), above, were used to pay the Partnership's liabilities.

"Fiscal Year" has the meaning specified in Section 4.03.

"General Partner" means IEC.

"Gross Income" means, for each Fiscal Year or other period, an amount

equal to the Partnership's gross income as determined for federal income tax purposes for such Fiscal Year or period but computed with the adjustments specified in paragraphs (i), (ii) and (iii) of the definition of "Net Profits" and "Net Losses."

"IEC" has the meaning specified in the heading of this Agreement.

"IEC Funding" means IEC Funding Corp., a Delaware corporation.

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"Interest" means, with respect to any Partner, such Partner's interest

in the Partnership and shall include a portion of an Interest not previously divided. The Interest of each Partner as of the date hereof is set forth opposite such Partner's name on Schedule A hereto.

"Limited Partner" means each of those parties designated in Schedule A

as a limited partner in the Partnership and any Person that may be admitted from time to time to the Partnership as a limited partner pursuant to this Agreement (including a Substitute Limited Partner), all as reflected in the Schedule A hereto as in effect at the relevant time.

"Majority Limited Partners" means Limited Partners having Interests

aggregating at least a majority of the Interests of all the Limited Partners at the time.

"Minimum Gain" means the amount determined by computing with respect

to each Nonrecourse Debt of the Partnership, the amount of Gross Income, if any, that would be realized by the Partnership if it disposed of the property securing such debt in full satisfaction thereof, and by then aggregating the amounts so computed. For purposes of determining the amount of such Gross Income with respect to a liability, the Carrying Value of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treasury Regulation Section 1.704-2(d)(2).

"NEA" means Northeast Energy Associates, A Limited Partnership, a

Massachusetts limited partnership.

"Net Profits" and "Net Losses" mean the taxable income or loss, as the

case may be, for a period as determined in accordance with Code Section 703(a) computed with the following adjustments:

(i) Items of gain, loss, and deduction shall be computed based upon the Carrying Values of the Partnership's assets rather than upon the assets' adjusted bases for federal income tax purposes, and, in particular, except as provided in Treasury Regulation Section 1.704-3(d), the amount of any deductions for depreciation or amortization with respect to an asset for a period shall equal such asset's Carrying Value multiplied by a fraction the numerator of which shall be the amount of depreciation or amortization with

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respect to such asset allowable for federal income tax purposes for such period and the denominator of which shall be such asset's adjusted basis;

(ii) Any tax-exempt income received by the Partnership shall be included as an item of gross income;

(iii) The amount of any adjustments to the Carrying Values of any assets of the Partnership pursuant to Code Section 743 shall not be taken into account;

(iv) Any expenditure of the Partnership described in Code Section 705(a)(2)(B) (including any expenditures treated as being described in Section 705(a)(2)(B) pursuant to Treasury Regulations under Code Section 704(b)) shall be treated as a deductible expense; and

(v) The amount of Gross Income and Nonrecourse Deductions specifically allocated to any Partners or Assignees pursuant to Section 2.06 or 2.07(a) shall not be included in the computation.

"Nonrecourse Debt" means any Partnership liability to the extent that

the liability is nonrecourse for purposes of Treasury Regulation Section 1.1001-2.

"Nonrecourse Deductions" for a taxable year means deductions funded by

Nonrecourse Debt (as determined under Treasury Regulation Sections 1.704-2(c) and 1.704-2(i)(2)) for such year and are generally equal to the excess, if any, of (i) the net increase in Minimum Gain during such year over (ii) the sum of (A) the aggregate distributions of proceeds from Nonrecourse Debts attributable to increases in Minimum Gain during such year and (B) increases in Minimum Gain during such year attributable to conversions of liabilities into Nonrecourse Debts.

"Notices" has the meaning specified in Section 8.01(a).

"Partner" and "Partners" have the meanings specified in the heading of

this Agreement.

"Partner Lender" has the meaning specified in Section 2.03(b).

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"Partner Loan" has the meaning specified in Section 2.03(b).

"Partner Nonrecourse Debt" means any Nonrecourse Debt to the extent

that a Partner or Assignee bears the Economic Risk of Loss associated with the debt.

"Partnership" has the meaning specified in the introductory paragraph

of this Agreement.

"Percentage Interest" means the economic interest of each Partner and

Assignee in the Partnership (expressed as a percentage). The Percentage Interest of each Partner and Assignee as of the date hereof is set forth

opposite such Partner's or Assignee's name on Schedule A hereto.

"Person" means an individual, corporation, limited liability company,

association, partnership, trust or unincorporated organization.

"Project" means, collectively, the Partnership's cogeneration facility

and all components of such facility located in Sayreville, New Jersey, all rights, permissions, equipment and property related thereto and all contract rights used or useful for the operation of such facility.

"Project Financing Agreements" means the agreements entered into by

the Partnership from time to time in connection with the financing of the Project or any part thereof, including any instruments evidencing indebtedness issued or guaranteed by the Partnership thereunder and any agreements granting liens or security interests on any assets of the Partnership to secure obligations thereunder. The Project Financing Agreements include (i) the Trust Indenture dated as of November 15, 1994, among IEC Funding, the Partnership, NEA and State Street Bank and Trust Company, as Trustee, (ii) each of the "Credit Documents" and the "Sayreville Security Documents" (as defined in such Trust Indenture) to which the Partnership is a party and (iii) any agreements entered into by the Partnership in connection with the replacement, refinancing or restructuring of any of the foregoing.

"Roy Limited Partner" means any of John R. Roy, Mary L. Roy, Jock R.

Roy, Stephen B. Roy, Peter A. Roy, Ellen S. Roy or Jane L. Roy and each Limited Partner who is an Affiliate of any thereof.

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"Share of Minimum Gain" means, for each Partner and Assignee, the sum

of such Partner's or Assignee's share of Minimum Gain attributable to Nonrecourse Debt other than Partner Nonrecourse Debt (computed in accordance with Treasury Regulation Section 1.704-2(g)) and such Partner's or Assignee's share of Minimum Gain attributable to Partner Nonrecourse Debt (computed in accordance with Treasury Regulation Section 1.704-2(i)(5)).

"Substitute Limited Partner" means a Transferee of a Limited Partner's

or Assignee's interest in the Partnership who is admitted to the Partnership as a Limited Partner as provided in Section 6.02(d).

"Transfer" means (i) any sale, conveyance, gift, bequest, assignment

by way of sale or other disposition, (ii) any hypothecation, mortgage, pledge, assignment by way of security or (iii) any creation of any encumbrance of any nature (and whether or not to secure an obligation) of, in each case, an Interest and shall include a similar act in respect of rights to profits, losses and cash distributions (or Percentage Interest) deriving from an Interest.

"Transferor" and "Transferee" shall have corresponding meanings.

"Uniform Act" means the New Jersey Uniform Limited Partnership Law

(1976), as amended.

References in the singular shall include the plural and vice versa and references to the neuter gender shall include the masculine and feminine genders. The terms "including", "include" and "includes" as used herein shall be deemed to be followed by the words "without limitation". References to this Agreement or to any other agreement or document, including any Project Financing Agreement, shall include the same as amended, supplemented, modified or otherwise changed from time to time. References to Schedule A shall be construed to be references to said Schedule A as from time to time changed or required to be changed as provided for herein.

SECTION 1.02. Name. The name of the Partnership shall continue to be

"North Jersey Energy Associates, A Limited Partnership". The General Partner may at any time change the name of the Partnership and shall give notice of any such change to the Limited Partners.

SECTION 1.03. Principal Place of Business. The Partnership's

principal place of business and the office where the books of the Partnership will be maintained shall be at 350 Lincoln Place, Hingham, MA 02043, or at such other place within the continental United States as the General Partner shall designate. The General Partner shall give notice of any change of such principal place of business to the Limited Partners.

SECTION 1.04. Purposes. The purposes of the Partnership shall be to

develop, finance, construct, own, manage, maintain, operate, encumber, exchange, dispose of and otherwise deal with the Project or any part thereof, to contract with third parties to construct, maintain or operate the Project and to sell the electricity and steam produced by the Project. The Partnership shall have the power to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of such purposes, and for the protection and benefit of the Project.

SECTION 1.05. Duration. The Partnership shall continue until

dissolved pursuant to Section 7.01.

SECTION 1.06. General Partner. IEC shall be the General Partner of

the Partnership. The management of the business and affairs of the Partnership shall be conducted as provided in Article III.

SECTION 1.07. Limited Partners. The Partners identified or required

to be identified from time to time in Schedule A as Limited Partners shall be the Limited Partners of the Partnership. No Limited Partner, in its capacity as a Limited Partner, shall participate in the management of the Partnership, or have any authority or right to transact any business or act for or bind the Partnership in any respect, and no Limited Partner shall ever be (i) personally liable for any part of the debts or other obligations of the Partnership except for any liability expressly assumed in writing by it or (ii) obligated to make contributions to the Partnership in excess of those, if any, required to be made by it pursuant to this Agreement.

SECTION 1.08. Assignees. (a) The Assignees identified or required

to be identified from time to time in Schedule A as Assignees are assignees of Interests of Limited Partners with respect solely to economic interests in the Partnership. No Assignee, in its capacity as an

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Assignee, shall participate in the management of the Partnership, have any authority or right to transact any business or act for or on behalf of the Partnership in any respect and shall have none of the rights and privileges otherwise available to Limited Partners other than to share in the income, gain, loss, deductions, tax credits and distributions of the Partnership. In addition, no Assignee shall ever be (i) personally liable for any part of the debts or obligations of the Partnership except for any liability expressly assumed in writing by it or (ii) obligated to make contributions to the Partnership in excess of those, if any, required to be made by it pursuant to this Agreement.

(b) Each Partner hereby acknowledges and agrees that (i) the Persons identified in Schedule A as of the date hereof as Assignees are the only Assignees existing at the date hereof and (ii) the percentage set forth in Schedule A as of the date hereof opposite the name of such Partner in the "Percentage Interest" column is the correct Percentage Interest for such Partner as of the date hereof (giving effect to the dilution of the economic interests in the Partnership represented by such Partner's Interest to give effect to the Percentage Interests of the Assignees).

ARTICLE II

Capital and Interests in the Partnership;

Admission of Additional Partners; Financing; Allocations

SECTION 2.01. Initial Capital Contributions. On or before the date

hereof Partners (i) have made cash contributions to the capital of the Partnership in the aggregate amount of \$10,000 or (ii) in the case of some of them, previously have contributed various services to the Partnership. A pro rata share of any cash contributions by the Limited Partners shall be treated as having been transferred to the Assignees in accordance with their respective Percentage Interests.

SECTION 2.02. Admission of Additional Partners. (a) The General

Partner shall have the right to admit additional Limited Partners to the Partnership from time to time. The Interest and Percentage Interest of each such additional Limited Partner (other than a Substitute Limited Partner) shall be as determined by the General Partner. It is understood that the General Partner may agree to a

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priority return of any Capital Contributions made by a Partner after the date hereof, and/or a priority return thereon, without the approval of any Limited Partner or Assignee. If any such additional Limited Partner is admitted to the Partnership, the Interest of each other Limited Partner (as in effect prior to such admission) and the Percentage Interest of each other Limited Partner and Assignee shall be reduced ratably to reflect the Interest and Percentage Interest of such additional Limited Partner. The General Partner also shall have the right to admit Substitute Limited Partners pursuant to Section 6.02.

(b) The General Partner shall have the right to admit an additional General Partner to the Partnership with the prior written consent of the Majority Limited Partners. If any Person admitted as an additional General Partner is at the time a Limited Partner, such Person shall be allocated as a General Partner all or a portion of the Interest and Percentage Interest previously held by such Partner as a Limited Partner, as agreed between such Person and the General Partner. If any Person admitted as an additional General Partner is not at the time a Limited Partner, the Interest and Percentage Interest of such Person as General Partner shall be determined in the same manner as provided in paragraph (a) above with respect to additional Limited Partners, and the Interest of each Limited Partner and the Percentage Interest of each Limited Partner and Assignee shall be reduced ratably to reflect the Interest and Percentage Interest so determined.

(c) Each additional Partner admitted to the Partnership, including any Substitute Limited Partner, shall agree to be bound by the provisions of this Agreement pursuant to an instrument satisfactory to the General Partner. Upon the admission of any such Partner, (i) Schedule A shall be deemed amended to reflect such admission, (ii) the General Partner shall amend the certificate of limited partnership of the Partnership in accordance with the Uniform Act to reflect such admission, and (iii) the General Partner shall notify the Limited Partners of such admission.

SECTION 2.03. Financing of the Partnership; Partner Loans. (a) In

addition to the Capital Contributions provided for in Section 2.01, the money to finance the Project and otherwise to finance the business of the Partnership and any special distributions of cash to the Partners and Assignees shall be derived from loans to or

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revenues of the Partnership. If additional capital is needed by the Partnership for any reason, as determined by the General Partner from time to time, then, after the amount of such needed additional capital shall have been determined by the General Partner, the Partnership will attempt to borrow such amount of additional capital from a third party or parties on such terms as shall be acceptable to the General Partner.

(b) Any Partner may, but shall not be required to, loan funds to the Partnership (or cause an Affiliate of such Partner to loan funds to the Partnership) on such terms as shall be approved by the General Partner and the Partner (or Affiliate thereof) advancing such loan (any such loan being referred to herein as a "Partner Loan" and the lender of any such Partner Loan being

referred to herein as "Partner Lender"). If the General Partner, any Roy

Limited Partner or any Affiliate thereof proposes to make a Partner Loan, then the Partners agree that the terms of such Partner Loan shall be considered fair

and reasonable and shall not require any consent or approval of the Limited Partners if:

(i) each Limited Partner is notified of the terms of such Partner Loan and is afforded an opportunity to participate in such Partner Loan as a Partner Lender ratably in accordance with its Interest (which opportunity may be limited to a period, not less than 15 days, following notice of such opportunity, during which Limited Partners must elect whether to participate); or

(ii) the interest rate applicable to such Partner Loan does not exceed the greatest of (x) the greatest interest rate then applicable to any indebtedness of the Partnership plus 2% per annum, (y) the prime rate of The Chase Manhattan Bank, from time to time in effect, plus 2% per annum, and (z) the greatest interest offered to the Partnership by any bank or other financial institution to provide unsecured subordinated loans to the Partnership, as quoted to the General Partner within one year prior to the date such Partner Loan is to be advanced, and in either case the terms of such Partner Loan provide that repayment by the Partnership shall be made only from the net proceeds of any refinancing thereof or from funds that otherwise would be Distributable Funds, as and when available, prior to any distributions to Partners or Assignees, or upon dissolution of the Partnership; or

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(iii) the aggregate amount of such Partner Loan is less than \$50,000,000 and the interest rate applicable thereto does not exceed the greater of (x) the greatest interest rate then applicable to any indebtedness of the Partnership plus 2% per annum, and (y) the prime rate of The Chase Manhattan Bank, from time to time in effect, plus 2% per annum.

(c) This Section 2.03 shall not be construed to prohibit additional Capital Contributions to the Partnership that are made on terms approved by the General Partner and the contributing Partner, but such Capital Contributions shall not be required (except as expressly provided in Section 7.02(c) with respect to the General Partner).

SECTION 2.04. Interest on Capital Contribution. No interest shall be

paid by the Partnership on any Capital Contribution.

SECTION 2.05. General Allocations of Net Profits and Net Losses. (a)

Except as provided in Sections 2.06 and 2.07 below (which shall be applied first), any Net Profits of the Partnership shall be allocated among the Partners and Assignees as follows:

(i) First, in such manner and in such amount as is necessary so that the respective Adjusted Capital Account balances of the Partners and Assignees are in the ratio of their respective Percentage Interests; and

(ii) The balance, if any, to the Partners and Assignees in proportion to their respective Percentage Interests.

(b) Except as provided in Sections 2.06 and 2.07 below (which shall be applied first), any Net Losses of the Partnership shall be allocated among the Partners and Assignees as follows:

(i) First, in such manner and in such amount as is necessary so that the respective Adjusted Capital Account balances of the Partners and Assignees are in the ratio of their respective Percentage Interests; and

(ii) The balance, if any, to the Partners and Assignees in proportion to their respective Percentage Interests.

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(c) Allocations of Net Profits and Net Losses provided for in this Section 2.05 shall be made as of the end of the Fiscal Year or shorter relevant period of the Partnership.

SECTION 2.06. Allocations of Nonrecourse Deductions and Minimum Gain.

Notwithstanding the provisions of Section 2.05 above, the following allocations of Gross Income and Nonrecourse Deductions shall be made in the following order of priority:

(a) If in any year there is a net decrease in the amount of Minimum Gain attributable to either (i) Nonrecourse Debt that is not Partner Nonrecourse Debt or (ii) Partner Nonrecourse Debt, then each Partner and Assignee shall first be allocated items of Gross Income for such year (and, if necessary, subsequent years) in an amount equal to such Partner's or Assignee's share of the net decrease in such Minimum Gain (determined in accordance with Treasury Regulation Sections 1.704-2(g) (2) and 1.704-2(i) (5)) to the minimum extent required by, and in the manner specified in, Treasury Regulation Sections 1.704-2(f) and 1.704-2(i) (4).

(b) All Nonrecourse Deductions of the Partnership for any year other than Nonrecourse Deductions attributable to Partner Nonrecourse Debt shall be allocated to the Partners and Assignees in proportion to their respective Percentage Interests.

(c) All Nonrecourse Deductions of the Partnership for any year attributable to Partner Nonrecourse Debt shall be allocated to the Partners and/or Assignees who bear the Economic Risk of Loss with respect to the debt.

SECTION 2.07. Overriding Allocations of Net Profits and Net Losses.

Notwithstanding the provisions of Section 2.05 above, but subject to the provisions of Section 2.06 above, the following allocations of Gross Income, Net Profits and Net Losses and items thereof shall be made:

(a) If, during any year a Partner or Assignee receives any adjustment, allocation or distribution described in Treasury Regulation Section 1.704-1(b) (2) (ii) (d) (4), or (5) or (6) or any other distribution, and, as a result of such adjustment, allocation or distribution, such Partner's or Assignee's Capital Account has an Excess

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Negative Balance, then items of Gross Income for such year (and, if necessary, subsequent years) shall first be allocated to such Partner or Assignee in an amount equal to such Partner's or Assignee's Excess Negative Balance.

(b) In no event shall Net Losses of the Partnership be allocated to a Partner or Assignee if such allocation would cause or increase an Excess Negative Balance in such Partner's Capital Account.

(c) Except to the extent necessary to comply with Sections 2.06(a), 2.07(a) and 2.07(b) hereof, the interest of the General Partner in each item of Partnership income, gain, loss, deduction or credit will be equal to at least one percent (1%) of each of those items at all times during the existence of the Partnership.

(d) Except as otherwise provided herein or as required by Code Section 704, for tax purposes, all items of income, gain, loss, deduction or credit shall be allocated to the Partners and Assignees in the same manner as are Net Profits and Net Losses; provided, however, that if the Carrying Value of

any property of the Partnership differs from its adjusted basis for tax purposes, then items of income, gain, loss, deduction or credit related to such property for tax purposes shall be allocated among the Partners and Assignees so as to take account of the variation between the adjusted basis of the property for tax purposes and its Carrying Value in the manner provided for under Code Section 704(c).

SECTION 2.08. Allocations Upon Transfer or Admission. In the event

that a Partner or Assignee acquires an interest in the Partnership either by transfer from another Partner or Assignee or by acquisition from the Partnership, the Partnership shall close its books as of the date of the acquisition and Net Profits, Net Losses, Gross Income, Nonrecourse Deductions and items thereof computed for the portion of the year ending on the date of the acquisition shall be allocated among the Partners and Assignees without regard to such acquisition, and Net Profits, Net Losses, Gross Income, Nonrecourse Deductions and items thereof computed for the portion of the year commencing on the day following the date of the acquisition shall be allocated among the Partners and Assignees taking into account such acquisition. For purposes of determining the date on which the acquisition is deemed to occur, the Partnership may make use of any convention allowable under

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Section 706(d) of the Code as may be elected by the General Partner in its absolute discretion.

SECTION 2.09. Withdrawal of Capital; Limitation on Distributions,

Priorities. No Partner or Assignee shall be entitled to withdraw any part of

its Capital Contributions to, or to receive any distributions from, the Partnership except as provided in Section 5.01 and Section 7.02. No Partner or Assignee shall be entitled to demand or receive any property other than cash from the Partnership. Except as expressly provided in this Agreement, no Partner or Assignee will have a priority over any other Partner or Assignee as to any distributions from the Partnership.

ARTICLE III

Management

SECTION 3.01. Management. Subject to the terms, conditions and

limitations of this Agreement, the General Partner shall have the exclusive authority and full discretion to manage the business of the Partnership.

SECTION 3.02. Authority of the General Partner. Subject to the terms

and conditions set forth herein, the General Partner shall have all rights and powers required by, or appropriate or incidental to, the management and control of the business and affairs of the Partnership in furtherance of the purposes of the Partnership, and shall possess and may exercise all the rights and powers of a general partner as provided in the Uniform Act, including the right and power to take any of the following actions:

(a) execute any and all agreements, contracts, documents, deeds, certificates, bills of sale and other instruments deemed by the General Partner to be necessary and appropriate in connection with the business and affairs of the Partnership;

(b) acquire or lease as lessee real and personal property and interests therein and dispose of or lease as lessor real or personal property or interests therein;

(c) protect and preserve the Partnership's title and interest in the assets of the Partnership, collect

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all amounts due the Partnership, and otherwise claim all rights of the Partnership, and in that connection retain counsel and institute and defend suits and proceedings in the name and on behalf of the Partnership;

(d) engage in financing transactions on behalf of the Partnership, including (i) issuance of debt obligations and incurrence of indebtedness on behalf of the Partnership, including refinancings and successive refinancings of indebtedness under the Project Financing Agreements and, in connection therewith or to secure performance by the Partnership of any of its obligations, to mortgage, pledge, hypothecate or otherwise grant security interests in assets of the Partnership and (ii) lease financings, including sale-leaseback transactions, with respect to assets of the Partnership (which may include all or substantially all the assets of the Partnership);

(e) pay all debts and obligations of the Partnership, including expenses of the Partnership, to the extent that funds of the Partnership are available therefor and make all distributions to the Partners in accordance with the provisions of this Agreement;

(f) engage in joint transactions for the mutual benefit of the Partnership and NEA, including joint fuel procurement and transportation arrangements, fuel hedges, power marketing and financing arrangements, it being understood and agreed that indebtedness and other obligations may be incurred jointly with NEA or through IEC Funding and the Partnership may guarantee indebtedness and other obligations of NEA or IEC Funding and may grant liens and security interests on assets of the Partnership to secure indebtedness and other obligations of NEA or IEC Funding pursuant to the Project Financing Agreements or otherwise;

(g) invest surplus cash;

(h) represent the Partnership before Federal, state and municipal authorities and in arbitration proceedings and pay, collect, compromise and otherwise settle claims of, or against, the Partnership;

(i) select depreciation and accounting methods for book and income tax purposes (which decisions may be

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different for each such purpose) to the extent not otherwise provided herein;

(j) engage or hire on behalf of or for the benefit of the Partnership independent accountants, architects, lawyers, engineers, management, administrative and clerical help, fuel management, and steam sales personnel, and to procure such other assistance and services, as may seem proper in accordance with the purposes contemplated hereby, and pay therefor such remuneration as the General Partner may determine to be reasonable and appropriate in the circumstances; and

(k) do and perform any acts and exercise all rights, powers and privileges not referred to in this Section 3.02 that the General Partner shall deem necessary to, in connection with, or incidental to the accomplishment of the Partnership purposes, as may be lawfully carried on or performed by a limited partnership under the laws of the State of New Jersey.

SECTION 3.03. Restrictions on the Authority of the General Partner.

Without limiting the generality of any other provision of this Agreement, without the written consent of the Majority Limited Partners, the General Partner shall not:

(a) do any act in contravention of this Agreement;

(b) do any act which would make it impossible to carry on the ordinary business of the Partnership (other than as provided in Article VII hereof);

(c) admit any Person as a Partner, except as provided in Section 2.02;

(d) elect to dissolve the Partnership (except in accordance with, and under the circumstances described in, Article VII);

(e) lease, sell or otherwise transfer or dispose of all or substantially all the assets of the Partnership except for mortgages, security interests and sale-leaseback transactions permitted by Section 3.02; or

(f) engage in any transaction with the General Partner or with one or more Roy Limited Partners or an Affiliate of any of them except (i) Partner Loans that

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do not require approval of the Limited Partners as provided in Section 2.03(b), (ii) payments contemplated by Section 3.04, (iii) admission as a Limited Partner with preferential rights as to distributions of any additional Capital Contributions contributed after the date hereof plus a return thereon not exceeding the greatest interest rate that would be permitted with respect to a Partner Loan pursuant to Section 2.03(b), and (iv) other transactions (which may include Partner Loans and payment of fees or other compensation for services) on terms which are at least as favorable to the Partnership as terms which are available from a Person not the General Partner, a Roy Limited Partner or any such Affiliate.

SECTION 3.04. Compensation, Reimbursement and Fees. (a) The

Partners hereby ratify and approve all compensation paid to the General Partner prior to the date hereof.

(b) For each calendar year, the General Partner shall be compensated by the Partnership for its services by payment to the General Partner of a reasonable annual management fee. Without limiting the generality of the foregoing (and without prejudice to the right of the General Partner to increase such management fee), it is understood and agreed that the annual management fee

provided for in the Project Financing Agreements in effect on the date hereof, in the amount of \$3,500,000 per annum (such amount to be adjusted to reflect changes from January 1, 1994, in the Gross National Product Implicit Price Deflator as published from time to time in the United States Department of Commerce Bureau of Economic Analysis publication entitled "Survey of Current Business" or, if not so published, such other index as shall be used for similar purposes under the Project Financing Agreements), shall be deemed reasonable. Such management fee shall be payable monthly and, if not paid for any reason (including as a result of insufficient funds or any restrictions under the Project Financing Agreements), shall accrue interest until paid at an interest rate equal to the prime rate of The Chase Manhattan Bank from time to time in effect. Such management fee shall be in addition to other amounts payable to the General Partner hereunder.

(c) The General Partner shall be reimbursed by the Partnership for any third party costs, to the extent reasonably allocable to the Project, the Partnership or IEC Funding, including rent and any independent legal, consulting and accounting fees and expenses.

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(d) The General Partner shall be reimbursed by the Partnership for the General Partner's general and administrative expenses, to the extent reasonably allocable to the Project, the Partnership or IEC Funding.

(e) Subject to any restrictions in the Project Financing Agreements, the General Partner shall be reimbursed by the Partnership for compensation (including salary and related benefits) of individuals, to the extent reasonably allocable to the Project, the Partnership or IEC Funding.

(f) It is understood that the annual management fee referred to in paragraph (b) above is solely to compensate the General Partner for services in the ordinary course. The General Partner also shall be entitled to reasonable compensation for services outside the ordinary course, including services in connection with any financing, refinancing, sale-leaseback or other transaction on behalf of the Partnership.

SECTION 3.05. Limitation of Liability and Indemnification. (a) The

General Partner shall not be liable, responsible or accountable in damages or otherwise to any of the Partners or Assignees or the Partnership for or on account of any act performed by the General Partner and believed by it in good faith to be within the scope of the authority conferred by this Agreement, or any failure or refusal to perform any acts except those expressly required by this Agreement, regardless of whether any claim in respect of any such act or failure to act is based on contract, tort (including negligence) or otherwise, except for bad faith, wilful misconduct or gross negligence. For purposes of this provision, any action taken or omitted on written advice of counsel for the Partnership or the General Partner (which counsel may be an employee of the General Partner) shall be deemed to have been taken or omitted in good faith and without wilful misconduct or gross

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negligence. Unless specifically provided in this Agreement and except as provided by law, the General Partner shall have no liability as a General Partner for the unauthorized acts or omissions of any other Partner, any Assignee or any Affiliate of a Partner or Assignee.

(b) The Partnership, its receiver or its trustee, shall indemnify the General Partner against, and save the General Partner harmless from, any loss, liability, damage or expense (including all liabilities under Federal and state securities laws) incurred in respect of any claim, litigation or other proceeding brought or asserted against the General Partner arising out of or related to any act or omission of the General Partner in connection with the business or activities of the Partnership; provided that such act or omission

was believed by the General Partner in good faith to be within the scope of its authority under this Agreement or was undertaken, not undertaken or made upon written advice of counsel for the Partnership or the General Partner (which counsel may be an employee of the General Partner). This indemnification includes the payment, upon request by the General Partner, of all attorney's fees and other expenses incurred by the General Partner in connection with the defense of any such claim made against it, including, without limitation, any claim asserted by any Limited Partner or Assignee individually, as a class action or as a Partnership derivative action, and costs of settlement of any claim made against it. The indemnification described in this Section 3.05 shall

not be available to the General Partner if a court, in a final nonappealable decision, determines that the claim arose because of the General Partner's wilful misconduct or gross negligence.

(c) The General Partner may purchase directors' and officers' insurance and obtain reimbursement for the premiums therefor from the Partnership.

(d) The benefits of this Section 3.05 shall apply to the shareholders, directors, officers, employees, agents and Affiliates of the General Partner to the same extent as to the General Partner.

SECTION 3.06. Other Business Ventures. The General Partner and its

Affiliates may engage, directly or indirectly, in other business ventures of every nature and description, including ownership, development, operation and management of other cogeneration projects in addition to the

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Project (even if such projects compete with the Project), and neither the Partnership nor any Partner or Assignee shall have any claim or rights hereunder in or to any such other ventures or the income or profits derived therefrom.

ARTICLE IV

Books; Elections; Budgets; Fiscal Year

SECTION 4.01. Administrative Services, Books, Records and Reports.

(a) The General Partner, or a Person or Persons designated by the General Partner, shall cause to be performed all general and administrative services on behalf of the Partnership in order to assure that complete and accurate books and records of the Partnership are maintained at the Partnership's principal place of business showing the name, address and Interest of each Partner, all receipts and expenditures, assets and liabilities, profits and losses of the Partnership, and all other records neces sary for recording the Partnership's business and affairs.

(b) Promptly following any modification of this Agreement made pursuant to Section 8.04 the General Partner will furnish to each other Partner and Assignee notice thereof.

SECTION 4.02. Tax Matters. The General Partner shall be the Tax

Matters Partner (as defined in Section 6231(a)(7) of the Code) of the Partnership. The General Partner shall, in its discretion, make all tax elections on behalf of the Partnership, except that if any Partner or Assignee requests, the Partnership shall make an election under Section 754 of the Code at such Partner's or Assignee's expense (which shall be prepaid as a condition to such election, in the discretion of the General Partner). The General Partner shall cause to be prepared, shall sign and shall timely submit all tax returns required to be submitted by the Partnership, at the Partnership's expense. The General Partner shall cooperate with and monitor any Federal or state government taxing authority in any audit that such taxing authority may conduct of the Partnership's books, records or other information or documents and shall take all other action to be taken by it as contemplated by Sections 6221-6232 of the Code.

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SECTION 4.03. Fiscal Year. The fiscal year of the Partnership

(herein called the "Fiscal Year") shall be the calendar year.

ARTICLE V

Distributions of Distributable Funds

SECTION 5.01. Distributions of Distributable Funds. (a) The General

Partner shall from time to time determine the amount of the Partnership's cash

available for distribution to the Partners and Assignees (herein called

"Distributable Funds"). Distributable Funds shall be determined in the

reasonable discretion of the General Partner based upon the amount of cash received by the Partnership (including proceeds of borrowings, if any) after (i) payment of or provision for all operating costs and expenses (excluding depreciation and other non-cash expenses), any capital expenditures, principal of and interest on any debts and other obligations of the Partnership (including any optional prepayment thereof at the General Partner's discretion, as well as mandatory payments), amounts payable to the General Partner pursuant to this Agreement and any other liabilities of the Partnership and (ii) provision for any reserves, deposits or collateral security required to be maintained pursuant to any Project Financing Agreement or any other contract binding upon the Partnership and any other reserves determined by the General Partner to be reasonable or prudent, including reserves for working capital purposes or for payment of any liabilities (contingent or otherwise) of the Partnership. The determination of Distributable Funds also shall be subject to any restrictions and limitations imposed by any Project Financing Agreement or any other contract binding upon the Partnership.

(b) Except as provided in Section 7.02 hereof and except as provided in any amendment or modification to this Agreement providing for distributions on a priority basis, Distributable Funds determined as provided above shall be distributed to the Partners and Assignees ratably in accordance with their respective Percentage Interests as of the date of distribution. The date of any such distribution shall be determined by the General Partner subject to any restrictions and limitations imposed by any Project Financing Agreement or any other contract binding upon the Partnership.

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(c) This Section 5.01 shall not apply to distributions upon dissolution of the Partnership, which shall be made as provided in Article VII.

ARTICLE VI

Transfers of Partnership Interests

SECTION 6.01. Transfer Restrictions. A Transfer shall not be

permitted without the prior written consent of the General Partner, which consent may be withheld in the discretion of the General Partner. If the General Partner consents to a Transfer, the General Partner may impose conditions upon such Transfer, including conditions that:

(a) the Transferee executes and delivers to the General Partner:

(i) an instrument reasonably satisfactory to the General Partner pursuant to which such Transferee assumes all the obligations of the relevant Transferor with respect to the Interest and/or Percentage Interest transferred and agrees to be bound by the terms of this Agreement (or, in the case of Transfers described in clauses (ii) and (iii) of the definition of that term, a similar instrument that requires that such obligations be assumed and such agreement be made following enforcement of the relevant hypothecation, mortgage, pledge, assignment, security interest or other encumbrance); and

(ii) such additional instruments and documents as shall be reasonably required by the General Partner;

(b) the Transferor delivers to the General Partner an opinion of counsel (reasonably satisfactory to the General Partner) that such Transfer will not:

(i) result, directly or indirectly, in the termination of the Partnership for Federal income tax purposes;

(ii) result in the violation of the Securities Act of 1933 or any other applicable Federal or state securities laws;

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(iii) be a violation of or an event of default under, or result in an acceleration of any indebtedness under, any Project Financing Agreement or

other note, mortgage, indenture, loan agreement or similar instrument or document to which the Partnership is a party; or

(iv) result in or create a prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended from time to time, or result in the holder of an Interest or the assets of the Partnership being subject to the provisions of such statute; and

(c) the General Partner is furnished with evidence satisfactory to it that all transaction expenses for which the Transferor is or may be liable and any expenses incurred by the Partnership in connection with such Transfer (including preparation of any part-year tax returns and related matters) have been paid or reimbursed in full.

The General Partner may waive all or any of the conditions described above. In addition, the conditions described above shall not apply to any Transfer of the Interest of the General Partner pursuant to any pledge or security interest granted to secure obligations under any Project Financing Agreement.

SECTION 6.02. Consequences of Transfer. (a) Any Transfer in

contravention of this Agreement shall be void and ineffective and shall not bind or be recognized by the Partnership.

(b) Any Limited Partner who Transfers all his Interest (other than pursuant to a Transfer described in clause (ii) or (iii) of the definition of that term, which Transfer has not yet become effective to divest the Transferor of his Interest) shall cease to be a Limited Partner and shall no longer have the rights and privileges of a Limited Partner except that, unless and until the Transferee is admitted as a Substitute Limited Partner as provided below, the Transferor shall retain the statutory obligations of an assignor limited partner under the Uniform Act.

(c) A Transferee of a Limited Partner's Interest who does not become a Substitute Limited Partner as provided below shall be an Assignee. An Assignee who desires to make a further Transfer of his Percentage Interest shall be

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subject to all the provisions of this Article VI to the same extent as though such Assignee were a Limited Partner. Unless and until such Assignee becomes a Substitute Limited Partner, such Assignee's only right or interest under this Agreement shall be as expressly provided herein for an Assignee.

(d) A Transferee of a Limited Partner's Interest shall become a Substitute Limited Partner only with the prior written consent of the General Partner, which consent may be withheld in the discretion of the General Partner;

provided that any such Transferee that was a Limited Partner prior to the

Transfer shall become a Substitute Limited Partner with respect to the Transferred Interest without the necessity of such consent. If the General Partner grants such consent, such Transferee shall become a Substitute Limited Partner effective upon reflection by the General Partner of such Transferee as a Limited Partner on the books and records of the Partnership.

SECTION 6.03. Mandatory Transfer. (a) If the General Partner and

the Majority Limited Partners approve a sale or other disposition of all, but not less than all, of the Interests in the Partnership, then all the Limited Partners shall be required to Transfer their respective Interests in connection with such sale or other disposition. Each Limited Partner agrees to cooperate with the General Partner in connection with any such sale or disposition and to execute and deliver such instruments and documents as shall be reasonably required by the General Partner in connection therewith, including a bill of sale or other appropriate instrument in order to effect such sale or other disposition. Each Limited Partner also agrees to provide such representations, warranties, agreements and indemnities in connection with any such sale or disposition as shall be approved by the Majority Limited Partners to be provided by the Limited Partners generally, which may include representations and warranties with respect to the ownership of the Interest being sold or disposed of and the Transfer thereof free and clear of liens and other encumbrances. The proceeds of any sale or other disposition of all the Interests in the Partnership pursuant to this Section shall be paid to the General Partner and, after deducting any fees, expenses or reasonable reserves, the net proceeds shall be distributed to the Partners and Assignees in the respective amounts

that the Partners and Assignees would have received had the Partnership sold all of its assets for an amount equal to the sum of (i) the aggregate amount of

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net proceeds received from the sale or other disposition of all of the Interests in the Partnership and (ii) the aggregate amount of the Partnership's liabilities and the Partnership had then liquidated in accordance with Section 7.02(a) hereof.

(b) Any sale or disposition of all the Interests in the Partnership pursuant to this Section shall be effective to Transfer all such Interests free and clear of the claims and interests of all Assignees and vest 100% of the Percentage Interests in the purchaser or purchasers of the Interests. Upon any such sale or disposition, the only rights of the Assignees shall be the right to receive their respective shares of the net proceeds therefrom in accordance with paragraph (a) of this Section. Notwithstanding the foregoing, the General Partner may request that the Assignees cooperate and execute instruments and documents in connection with any such sale or disposition to the same extent as Limited Partners are required to do so pursuant to paragraph (a) of this Section, and if any Assignee fails or refuses to do so then such Assignee's share of the net proceeds may be withheld pending compliance by such Assignee with the requirements of this Section.

ARTICLE VII

Dissolution and Liquidation

SECTION 7.01. Dissolution. The Partnership shall be dissolved upon

the occurrence of any of the following:

(a) December 31, 2036;

(b) the sale, transfer or other disposition of all or substantially all the assets of the Partnership, or the agreement of the General Partner on behalf of the Partnership so to do, except for mortgages or security interests as may be granted to secure obligations of the Partnership and except for lease or sale-leaseback transactions;

(c) the acquisition by a Partner of all of the Interests of the other Partners; or

(d) subject to Section 7.03, upon an event of withdrawal of the General Partner (or, if there is more than

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one General Partner, the last remaining General Partner) within the meaning of the Uniform Act.

SECTION 7.02. Winding Up Affairs and Distributions of Assets. (a)

Upon dissolution of the Partnership (except dissolution pursuant to Section 7.01(c)), the General Partner (and in the case of dissolution pursuant to Section 7.01(d) the Limited Partners), shall proceed to wind up the affairs of the Partnership, liquidate the remaining property and assets of the Partnership and terminate the Partnership. Subject to the requirements of the Uniform Act, the proceeds of such liquidation shall be applied in the following order of priority: (i) first, to the expenses of such liquidation; (ii) second, to the debts and liabilities of the Partnership to third parties, if any, in the order of priority provided by law; (iii) third, to the establishment and maintenance of a reasonable reserve to provide for any contingent or unforeseen liabilities or obligations of the Partnership to third parties to be held and disbursed, at the discretion of the General Partner (and in the case of dissolution pursuant to Section 7.01(d), the Limited Partners) by an escrow agent selected by them, and at the expiration of such period as the General Partner (and in the case of dissolution pursuant to Section 7.01(d), the Limited Partners) may deem advisable, the balance shall be distributed as provided herein; and (iv) fourth, to any and all debts of the Partnership to the Partners and Assignees. The remaining assets of the Partnership, if any, shall be distributed to the Partners and Assignees (or their successors and permitted assigns) in accordance with the balances of the Capital Accounts of each such Partner or Assignee in the ratio of the positive Capital Account balances of all Partners and Assignees (after such Capital Accounts have been adjusted to reflect all

allocations required pursuant to Sections 2.05, 2.06 and 2.07).

(b) If any assets of the Partnership are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof, and any Partner or Assignee receiving any interest in such assets shall receive such interest therein as a tenant-in-common with all other Partners and Assignees receiving such an interest. Unless otherwise agreed by all the Partners, the fair market value of such assets shall be determined by an appraiser to be selected by the General Partner and whose fees shall be paid by the Partnership.

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(c) If the General Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), the General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(3), with the funds so contributed to be distributed pursuant to the rules of this Section 7.02.

SECTION 7.03. Continuation of Business of Partnership. If the

Partnership is dissolved by reason of Section 7.01(d), it may be reconstituted and its business continued if within ninety (90) days of such dissolution and by written vote of Limited Partners having Interests aggregating at least 66-2/3% of the Interests of all the Limited Partners at the time (i) the Limited Partners elect to continue the business; and (ii) the Limited Partners appoint a Person to serve in the capacity of successor general partner of the Partnership.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Notices. (a) All notices, consents, approvals,

reports, designations, requests and other communications (herein collectively called the "Notices") authorized or required to be given pursuant to this Agreement shall be given in writing and either personally served on the Partner or Assignee (or a general partner or an officer of the Partner or Assignee) to whom it is given or mailed by registered, certified or first class mail, postage prepaid, or sent by facsimile or overnight delivery service or courier, addressed as follows:

If to the General Partner:

Intercontinental Energy Corporation
350 Lincoln Place
Hingham, Massachusetts 02043
Attention: President
Facsimile Number: (617) 740-1281

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If to a Limited Partner or Assignee, at such Limited Partner's or Assignee's address set forth on Schedule A.

(b) All Notices shall be deemed given when delivered or, if mailed as provided in Section 8.01(a), on the second day after the day of mailing, or if sent by facsimile, at the time of acknowledgment. Any Partner or Assignee may change its address for the receipt of Notices at any time by giving notice thereof to the General Partner (or, in the case of a change of address of the General Partner, to each of the other Partners and Assignees).

SECTION 8.02. Partnership Act Certificate Requirements. From time to

time the Limited Partners shall sign and swear to all such writings as may be required, if any, to amend the certificate of limited partnership to reflect changes in the Partnership made pursuant to this Agreement or for the carrying out of the terms of this Agreement or, upon dissolution of the Partnership, to cancel such certificate of limited partnership. Each Partner hereby appoints, and each Person who may subsequently become a Partner shall be deemed to have appointed, the General Partner as its true and lawful attorney-in-fact in such Partner's name and behalf to sign, certify under oath and acknowledge each and every such amendment or certificate of cancellation or other instrument that may

be required to carry out the terms of this Agreement or to effect the substitution of a Partner. The foregoing power of attorney shall be irrevocable, shall be a power coupled with an interest, and shall survive the Transfer by a Partner or Assignee of its Interest or Percentage Interest or the dissolution of a Partner.

SECTION 8.03. Entire Agreement. This Agreement supersedes all prior

agreements and understandings among the Partners and Assignees with respect to the subject matter hereof.

SECTION 8.04. Modification. No change or modification of this

Agreement shall be effective unless such change or modification is in writing and has been signed by the General Partner and the Majority Limited Partners, except that (i) no change or modification that increases or imposes additional obligations or liabilities upon any Limited Partner under this Agreement shall be effective unless signed by such Limited Partner, (ii) no change or modification that adjusts a Limited Partner's

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Interest or Percentage Interest (except to give effect to Transfers or redemptions or to the admission of additional Partners as provided in this Agreement) shall be effective unless signed by such Limited Partner and (iii) the written consent of all Limited Partners shall be required for any change or modification to this Section 8.04. Notwithstanding the foregoing, any change or modification of this Agreement that may, pursuant to any provision hereof, be made by the General Partner shall be effective upon execution by the General Partner of a written instrument effecting such change or modification. Any change or modification of this Agreement made in accordance with this Section shall be effective and binding on all the Partners and Assignees.

SECTION 8.05. Waivers. No waiver of any breach of any of the terms

of this Agreement shall be effective unless such waiver is in writing and signed by the Partner against whom such waiver is claimed. No waiver of any breach shall be deemed to be a waiver of any other or subsequent breach.

SECTION 8.06. Severability. If any provision of this Agreement shall

be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 8.07. Further Assurances. Each Partner shall execute such

deeds, assignments, endorsements, evidences of Transfer and other instruments and documents and shall give such further assurances as shall be necessary to perform its obligations hereunder.

SECTION 8.08. Investment Representations. Each Partner represents

and warrants that its Interest has been acquired under this Agreement for its own account, for investment, and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling such Interest, and that it will not effect a Transfer, or attempt to effect a Transfer, of its Interest in violation of the Securities Act of 1933, as amended, or any other applicable Federal or state law.

SECTION 8.09. Governing Law. This Agreement shall be governed by and

construed in accordance with the laws of the State of New Jersey.

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SECTION 8.10. Counterparts; Effectiveness. This Agreement may be

executed in any number of counterparts, all of which shall constitute one and the same instrument. It is not necessary that all signatures be on the same counterpart, and this Agreement may be executed by different parties on separate counterparts. This Agreement shall become effective as of the date hereof when counterparts of this Agreement executed by each Partner have been delivered to the General Partner.

SECTION 8.11. Limitation on Rights of Others. No Person other than a

Partner or Assignee shall have any legal or equitable right, remedy or claim under or in respect of this Agreement. Except to the extent required by the Uniform Act, none of the provisions of this Agreement shall be for the benefit of or be enforceable by any creditor of the Partnership.

SECTION 8.12. Successors and Assigns. This Agreement shall be

binding upon and inure to the benefit of the Partners and Assignees and their respective successors and permitted assigns.

SECTION 8.13. Power of Attorney. Each Limited Partner hereby

constitutes and appoints the General Partner, with unrestricted power of substitution and resubstitution, the true and lawful attorney for such Limited Partner with power and authority to act in its name and on its behalf to make, execute, sign, acknowledge, deliver, swear to, file and record:

(a) any certificate of limited partnership or similar document, as well as any amendments thereto, which the General Partner may deem to be necessary, desirable or appropriate to evidence or effect the formation of the Partnership or to qualify and continue it as a limited partnership or assure the limited liability of the Limited Partners;

(b) any instrument or document which the General Partner may deem to be necessary, desirable or appropriate to effect the continuation of the Partnership or the dissolution and termination of the Partnership;

(c) any fictitious name or similar certificate required by law to be filed on behalf of the Partnership;

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(d) any amendments or modifications to this Agreement that are authorized or approved as provided herein, and any other instruments or documents which are authorized pursuant to Section 6.03; or

(e) all such other instruments, documents and certificates as may from time to time be required by the laws of any jurisdiction, domestic or foreign, to effect, implement, continue and defend the valid and subsisting existence of the Partnership and its power to carry out its purposes as set forth in this Agreement;

provided, however, that the General Partner shall not take any action as

attorney-in-fact for any Limited Partner without its consent which would (i) increase the amount of the Capital Contributions payable by such Limited Partner; or (ii) cause such Limited Partner to lose its limited liability status.

It is expressly acknowledged by each Limited Partner that the foregoing power of attorney is coupled with an interest, is irrevocable and shall survive the death, withdrawal, retirement, removal, bankruptcy, insolvency, reorganization, merger, insanity, incompetency or legal incapacity of such Limited Partner and any assignment, transfer or other disposition, whether voluntary, by operation of law or otherwise, by such Limited Partner of all or any portion of its Interest or Percentage Interest and shall extend to its successors, assigns and legal representatives.

SECTION 8.14. References to Agreement. Words such as "herein",

"hereinafter", "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

SECTION 8.15. Paragraph Titles. Captions contained in this Agreement

are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 8.16. Survival of Representations, Warranties and Agreements.

All representations, warranties, and agreements herein shall survive until the dissolution and final liquidation of the Partnership, except to the

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extent that a representation, warranty or agreement expressly provides otherwise

or was applicable to a specific period of time that has passed.

IN WITNESS WHEREOF, the Partners have duly executed this Agreement as of the day and year first above written.

GENERAL PARTNER:

INTERCONTINENTAL ENERGY CORPORATION,

by /s/ Stephen Roy

Title: President

LIMITED PARTNERS:

/s/ Stephen B. Roy

Stephen B. Roy

/s/ Peter A. Roy

Peter A. Roy

Peter A. Roy, as custodian f/b/o Peter Roy,
II

Peter A. Roy, as custodian f/b/o Christopher
Bonney Roy

/s/ Mary L. Roy

Mary L. Roy

/s/ John R. Roy

John R. Roy

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/s/ Jane L. Roy

Jane L. Roy

/s/ Ellen S. Roy

Ellen S. Roy

/s/ Jock R. Roy

Jock R. Roy

SCHEDULE A
NJEA

<TABLE>
<CAPTION>

NAME	ADDRESS	INTEREST	PERCENTAGE INTEREST
<S>	<C>	<C>	<C>
GENERAL PARTNER:			
Intercontinental Energy Corporation	350 Lincoln Place Hingham, MA 02043	1.0000%	1.0000%

LIMITED PARTNERS:

Stephen B. Roy	c/o 350 Lincoln Place Hingham, MA 02043	37.5765%	13.8650%
Peter A. Roy	49 Margin Street Cohasset, MA 02025	23.0768%	10.3554%
Peter A. Roy as custodian f/b/o Peter Roy, II	49 Margin Street Cohasset, MA 02025	1.0211%	0.4600%
Peter A. Roy as custodian f/b/o Christopher Bonney Roy	49 Margin Street Cohasset, MA 02025	1.0211%	0.4600%
Mary L. Roy	438 Jerusalem Road Cohasset, MA 02025	12.8659%	5.7734%
John R. Roy	438 Jerusalem Road Cohasset, MA 02025	12.2532%	5.5020%
Jane L. Roy	422 Jerusalem Road Cohasset, MA 02025	7.1477%	3.2084%
Ellen S. Roy	133 Beach Street Cohasset, MA 02025	2.5527%	1.1468%
Jock R. Roy	13 Oakwood Drive Duxbury, MA 02332	1.4850%	1.3331%

ASSIGNEES:

S/J NJEA Associates Limited Partnership	350 Lincoln Place Hingham, MA 02043		3.0000%
Harrison Wellford	5054 Millwood Lane, N.W. Washington, D.C. 20016		1.0000%
John Sachs	3009 44th Place, N.W. Washington, D.C. 20016		0.2500%
Graham Allison	69 Pinehurst Road Belmont, MA 02178		1.2500%
William Hogan	345 Marsh Street Belmont, MA 02178		0.2500%
Beale Lynch Capital Partners, LP.	c/o M.R. Weiser & Co. Attn: Lisa Osofsky 700 Wood Avenue South Iselin, NJ 08830-2714		1.4375%
CS First Boston NJEA, Inc.	c/o Daniel Cahillane c/o The Clipper Group L.P. 12 East 49th Street 30th Floor New York, NY 10017		0.8750%
Sayreville Energy Associates Limited Partnership	c/o NEA/NJEA Inc. 350 Lincoln Place Hingham, MA 02043		48.8334%
	TOTAL	100.0000%	100.0000%

</TABLE>

OPERATION AND MAINTENANCE AGREEMENT

BY AND BETWEEN

NECO-BELLINGHAM, INC.

AS LESSEE

AND

WESTINGHOUSE OPERATING SERVICES COMPANY, INC.

AS OPERATOR

FOR THE

BELLINGHAM PROJECT

CARBON DIOXIDE RECOVERY FACILITY

DATED AS OF

MAY 1, 1995

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Exhibit N	Westinghouse Electric Corporation Guaranty

OPERATION AND MAINTENANCE AGREEMENT

THIS OPERATION AND MAINTENANCE AGREEMENT, dated as of May 1, 1995 (the "Effective Date"), is by and between NECO-BELLINGHAM, INC. ("Lessee"), having a place of business at 11104 West Airport Boulevard, Suite 160, Stafford, Texas 77477, and WESTINGHOUSE OPERATING SERVICES COMPANY, INC., a Delaware corporation ("Operator"), having a place of business at 4400 Alafaya Trail, Orlando, Florida 32826-2399.

W I T N E S S E T H

WHEREAS, the Facility (as hereinafter defined), located in Bellingham, Massachusetts, is owned by Northeast Energy Associates, A Limited Partnership, a Massachusetts limited partnership ("Owner");

WHEREAS, Lessee leases the Facility from Owner and operates the Facility;

WHEREAS, Operator, by itself and through suppliers and subcontractors, desires to provide certain operation and maintenance services for the Facility to Lessee;

WHEREAS, Operator has experience in performing services required for the operation and maintenance of the Facility; and

WHEREAS, Lessee and Operator now desire to set forth the terms pursuant to which Operator shall provide services for the operation and maintenance of the Facility.

NOW, THEREFORE, in consideration of the premises and the mutual promises and agreements herein expressed, Lessee and Operator, intending to be legally bound, hereby agree to the following:

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1.0 DEFINITIONS

1.1 CERTAIN DEFINED TERMS. As used herein and unless otherwise

expressly indicated, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

AFFILIATE shall mean any corporation or other entity that, directly or

indirectly, controls or is controlled by or under common control with a Party.

AGREEMENT shall mean this Operation and Maintenance Agreement

(including all Exhibits attached hereto), as it may be amended from time to time in accordance with its terms.

BUDGET shall have the meaning specified in Article 3.9.

CARBON DIOXIDE PURCHASE AGREEMENTS shall mean those certain agreements

for the sale of carbon dioxide produced by the Facility (a) between Lessee and Airco Carbon Dioxide Division of The BOC Group, Inc., dated as of December 21, 1990, and (b) between Lessee and Liquid Carbonic Carbon Dioxide Corporation, dated as of December 21, 1990, each as the same may be amended or substituted for from time to time.

CONTRACT PURCHASERS shall mean Airco Carbon Dioxide Division of The

BOC Group, Inc., Liquid Carbonic Carbon Dioxide Corporation and such other parties as may from time to time purchase carbon dioxide produced by the Facility.

CHANGE ORDER shall have the meaning specified in Article 16.

CONTRACT YEAR shall mean each of:

1. the period from the Operation Date until December 31 of the same calendar year; and

2. each consecutive full or partial calendar year thereafter ending on or prior to the last Day of the Term.

Any calculation in this Agreement determined by reference to a Contract Year shall be prorated with respect to a Contract Year of less than three hundred sixty five (365) Days.

CONSUMABLES shall mean all items consumed or needing regular periodic

replacement during the operation and maintenance of the Facility, including all gaskets, seals, small tools, lubricants, rags, oils, filter media, greases,

chemicals, fluids, additives, anti-corrosion devices and other expendable materials.

DAY shall mean a calendar day, unless otherwise specified. In the

event that a payment or regular reporting obligation or an optional notice deadline falls or occurs due on a Saturday, Sunday or legal holiday in the locality where the Work is being performed, the obligation or deadline shall be deemed due or to occur on the next business Day thereafter.

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EFFICIENCY GUARANTEE shall mean consumption and makeup of MEA and

copper, and costs for reclaimer sump waste disposal, in each case based on quantities for which charges are incurred from third parties, in the operation of the Facility at a rate per ton of aggregate Product output as hereinafter adjusted not in excess of 3.75 pounds (undiluted equivalent) per ton, 17.5 pounds (undiluted equivalent) per 1,000 tons, and 1.03 gallons per ton, respectively. Aggregate Product output shall be adjusted for purposes of determining compliance with the Efficiency Guarantee in respect of each Contract Year by increasing the aggregate Product Output (computed as provided for in the Minimum Product Output Guarantee) for such Contract Year by the number of tons of Product extracted from flue gas but not placed in storage due to (i) unavailability of contemporaneous storage for Product, (ii) events of Force Majeure or (iii) Scheduled or Unscheduled Services on the liquefaction portion (back end) of the Facility, or (iv) Lessee's direction.

FACILITY shall mean the Carbon Dioxide Recovery Facility located on

the Site adjacent to the Power Plant, including raw material, product and byproduct loading, unloading and storage facilities, and all auxiliary systems and Facility Equipment necessary for the operation and maintenance of the same.

FACILITY CONTRACTS shall mean collectively the Carbon Dioxide Purchase

Agreements, the Lease Agreement and the Steam Sales Agreement.

FACILITY EQUIPMENT shall mean collectively all equipment, machinery,

apparatus, structures and other similar items required for the operation and maintenance of the Facility.

FACILITY OPERATING PROCEDURES shall mean the procedures for the

operation of the Facility production process included as part of the Site Procedures, including any such procedures specified in the operation and maintenance manuals and standard operating procedures for the Facility provided by the contractor and any equipment supplier therefor and the most recent revision of the MEA solution operating guidelines.

FACILITY TOOLS shall mean collectively all tools required for the

operation and maintenance of the Facility.

FACILITY WORK FORCE shall mean the individuals required for the

operation and maintenance of the Facility and performance of all services and
other obligations of Operator under this Agreement, whether provided directly or
through Subcontractors. Operator's proposed organizational structure of the
Facility Work Force that will operate the Facility and provide Routine Services
(all of whom shall be employees of Operator) are set forth in Exhibit B,

provided, however, that Exhibit B shall not have the effect of limiting in any

respect the scope of Operator's obligation to provide services to carry out the
Work, including operation and Routine Services.

FINANCING ENTITY shall mean any bank, financial institution or other

person or entity providing development, construction or permanent financing or
refinancing for the development, construction or operation of the Facility or
the Power Plant or matters related thereto. The term Financing Entity shall
include entities providing financing to Owner and entities providing financing
in connection with a lease of the Facility.

FINANCING AGREEMENTS shall mean the promissory notes, loan agreements,

guarantees, assignments, security agreements, mortgages, and other agreements
among Lessee and/or Owner and any Financing Entity.

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FORCE MAJEURE shall have the meaning specified in Article 11.1.

GOVERNMENTAL REQUIREMENTS shall mean all applicable federal, state,

county, municipal and administrative laws and regulations and any rulings,
interpretations, orders, codes and standards promulgated thereunder.

HAZARDOUS MATERIALS shall mean (a) asbestos, (b) any "hazardous

substance" as defined in the Comprehensive Environmental Response, Compensation
and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), or the
Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et
seq.), (c) "hazardous wastes" as defined in the Resource Conservation and
Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.), and (d) "toxic
substances" as defined in the Toxic Substance Control Act as amended (15 U.S.C.
Section 2601 et seq.), in the regulations adopted and publications promulgated

pursuant thereto or in any other federal, state or local environmental Governmental Requirements.

INTEREST RATE shall mean the lesser of:

(a) the reference rate of The Chase Manhattan Bank, N.A. in effect on the date payment is due plus one percent (1%); or

(b) the maximum non-usurious interest rate under applicable law.

LEASE AGREEMENT shall mean that certain agreement for the lease of the

Facility between Owner and Lessee, dated as of June 28, 1989, as the same may be amended or substituted for from time to time.

LESSEE shall mean NECO-Bellingham, Inc. and its successors and

assigns.

MAJOR MAINTENANCE BUDGET shall mean that portion of the Budget

contemplated by Article 3.9(b).

MEA shall mean Monoethanolamine

MINIMUM PRODUCT OUTPUT GUARANTEE for any Contract Year shall mean

production in such Contract Year of a number of tons of Product equal to (a) one hundred twelve thousand five hundred (112,500) reduced by (b) tons of Product not produced during such Contract Year (as hereafter determined) because of any complete or partial interruption in the Facility's production due exclusively to (i) unavailability of electricity, steam and flue gas from at least one combustion turbine operating on natural gas in the Power Plant, (ii) unavailability of contemporaneous storage for Product, (iii) events of Force Majeure or, (iv) Lessee's direction.

Production in any Contract Year shall be deemed to equal the sum of the Product output for each Day of the Contract Year, calculated for each such Day as follows:

Product output = (CI - OI) + S

Where:

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CI = Total Product inventory in all storage tanks as of 24:00 hrs (end of Day).

OI = Total Product inventory in all storage tanks as of 00:00 hrs (beginning of Day).

S = Total of Product shipped for the Day.

Tons of Product not produced in any Contract Year shall be deemed to equal the sum of the tons of Product not produced for each Day in such Contract Year on which any such interruption occurs, calculated for each such Day as follows:

Product not produced = (AP / D) - DP

Where:

AP = Aggregate Product output for all Days in such Contract Year on which no interruption occurs.

D = The number of Days in such Contract Year on which no interruption occurs.

DP = Daily Product output for such Day.

MONTHLY SUM shall have the meaning specified in Article 5.2.

OPERATION DATE shall mean July 1, 1995.

OPERATOR shall mean Westinghouse Operating Services Company, Inc. and its permitted successors hereunder.

OWNER shall mean Northeast Energy Associates, A Limited Partnership, and its successors and assigns.

PARTY and PARTIES shall mean Operator and/or Lessee, as applicable.

PAYMENT REQUEST shall mean the periodic written requests for payment to be submitted by Operator to Lessee in accordance with Article 5.

PERMIT shall mean any approval, certificate, permit, license or the like required for the relevant matter under applicable Governmental Requirements.

PLAN OF OPERATIONS shall mean Lessee's written instructions to

Operator issued pursuant to Article 4.1.

PLANT MANAGER shall mean the individual from time to time designated

by Operator, and approved by Lessee, pursuant to Article 3.11.

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POWER PLANT shall mean the Bellingham Cogeneration Facility owned by

Owner and located adjacent to the Facility.

PRODUCT shall mean liquid carbon dioxide meeting the minimum purity

requirements set forth on Exhibit L.

PROJECT ADMINISTRATOR shall mean the person or persons designated by

Lessee pursuant to Article 4.2.

PRUDENT PRACTICES shall mean those, operating, maintenance,

engineering and other practices and methods, as such may be changed from time to time, that will result in the operation and maintenance of the Facility as efficiently, safely, economically and reliably as is prudent under prevailing industry practices and in compliance with the Agreement.

QUALIFYING FACILITY OBJECTIVE shall mean the use by the Facility in

the production of Product of not less than five percent (5%) of the "total energy output" of the Power Plant as defined by [18 C.F.R. Section 292.202(i)] for the entire Contract Year. The total energy output for a Contract Year shall be determined by means of actual measured flows, temperatures and pressures by the steam and condensate return custody meters and instrumentation at the Power Plant.

ROUTINE SERVICES shall mean services that can reasonably be expected

to be performed in the course of performance of Operator's operation and maintenance duties identified in Article 3, including services of a regular or minor nature that should be performed routinely to keep the Facility in good working order, such as lubrication, repacking of valves, minor leak repair, adjustments, calibrations and preventive and corrective services and regular maintenance not requiring a complete or partial interruption in the Facility's production for the performance thereof, and managerial oversight for Unscheduled Services and the implementation of the Major Maintenance Budget, all to the extent required by and in accordance with the standards provided in Article 3.32(a) through (f).

SAFETY AND SECURITY PROGRAM shall mean Operator's safety and security

program contemplated by Article 3.13.

SCHEDULED OUTAGE shall mean a planned complete or partial interruption

in the Facility's production that:

(a) has been coordinated in advance with Lessee and the Power Plant with a mutually agreed upon start time and date and expected duration; and

(b) is required for Scheduled Services.

SCHEDULED SERVICES shall mean the planned periodic inspection,

testing, preventive and corrective servicing and maintenance, overhaul and repair of the Facility requiring a complete or partial interruption in the Facility's production for the performance thereof, all to the extent required by and in accordance with the standards provided in Article 3.3(a) through (f). Replacement of pumps, parts, compressors, motors, vessels and other major Facility components, in each case having a component capital or repair cost in excess of \$25,000, shall not constitute Scheduled Services.

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SCOPE CHANGE shall mean all work, including those matters contemplated

by Article 3.7, falling outside the scope of Work described in this Agreement, as authorized by a Change Order.

SITE shall mean the site where the Facility is located as described in

Exhibit H.

SITE PROCEDURES shall mean the procedures established pursuant to

Article 3.23 that prescribe the manner in which Work will be performed at the Site.

SPARE PARTS shall mean all necessary or appropriate spare parts for

the Facility.

STEAM SALES AGREEMENT shall mean that certain agreement for the sale

of steam produced by the Power Plant between Owner and Lessee, dated as of June 28, 1989, as the same may be amended or substituted for from time to time.

SUBCONTRACTOR shall mean any party with whom Operator enters into a

subcontract or otherwise arranges for the performance of any portion of the Work.

TERM shall have the meaning provided in Article 6.1.

TRAINING PROGRAM shall mean Operator's training program for its

personnel responsible for operation and maintenance of the Facility as contemplated by Article 3.24.

UNSCHEDULED OUTAGE shall mean a complete or partial interruption in

the Facility's production that is required for Unscheduled Services.

UNSCHEDULED SERVICES shall mean those services not defined as Routine

Services or Scheduled Services or included under Article 3.9(b). Replacement of pumps, parts, compressors, motors, vessels and other major Facility components, in each case having a component capital or repair cost less than \$25,000, shall not constitute Unscheduled Services.

WORK shall mean all of Operator's obligations and responsibilities

under this Agreement.

1.2 ACCOUNTING TERMS. All accounting terms not specifically defined

herein shall be construed in accordance with generally accepted accounting principles consistently applied, except as otherwise stated herein. References to quantities of Product shall be deemed to be expressed in tons (2,000 pounds) unless otherwise specified.

1.3 GENERAL REFERENCES. The words "hereof," "herein," "hereto" and

"hereunder" and words of similar import when used in this Agreement shall, unless otherwise specified, refer to this Agreement as a whole and not to any particular provision of this Agreement.

2.0 STATUS OF OPERATOR

2.1 INDEPENDENT CONTRACTOR. Operator shall perform and execute its

obligations under this Agreement as an independent contractor to Lessee, and shall, as between Operator and Lessee, be responsible for all employment relations, including payroll and other taxes and other costs associated with, all individuals performing any portion of the Work (including any such individuals employed by or

otherwise engaged by any Subcontractor). No such individual shall be deemed to be an employee or agent of Lessee.

3.0 OPERATOR'S RESPONSIBILITIES

3.1 GENERAL SCOPE. Operator shall commence operation and maintenance

of the Facility on the Operation Date, and on such date shall assume full responsibility for the scope of the Work as provided herein. The intent of the foregoing is to require the provision by Operator, in exchange for the fixed and variable payments provided for in Article 5, of a full complement of equipment, materials, supplies and services, such that no other equipment, materials, supplies or services will be required for the proper functioning of the Facility, and to include within the Work both those matters that are specifically addressed herein and also those that would reasonably be expected to be performed or provided in order to achieve the foregoing. By way of illustration, the obligation to "operate" the Facility shall be deemed also to include the obligation to provide any equipment, materials, supplies or services necessary for the startup and shutdown of the Facility.

3.2 OPERATION. Without limiting the generality of the foregoing,

Operator shall operate the Facility so as to achieve the Minimum Product Output Guarantee while meeting the limits of the Efficiency Guarantee and complying with Governmental Requirements, the Site Procedures, Prudent Practices, applicable operating requirements of the Facility Contracts, the Plan of Operations and Lessee's reasonable directions that are consistent with the foregoing. Operator shall also maintain metering equipment and records with respect to all process chemicals and Consumables usage, all process emissions and discharges and all Product deliveries. The Facility shall be staffed for continuous operation twenty four (24) hours per Day, three hundred sixty five (365) Days per Contract Year.

3.3 MAINTENANCE AND REPAIR SERVICES. Operator shall perform all Routine

Services, Scheduled Services and Unscheduled Services, and implement all items contemplated by the Major Maintenance Budget, each in accordance with the standards provided in Article 3.3 (a) through (f), and shall provide all equipment, materials, supplies and services necessary to accomplish the same, either directly or through Subcontractors. Without limiting the generality of the foregoing,

(a) Operator shall utilize and maintain a formal predictive, preventive and corrective maintenance management system capable of documenting all maintenance that is required, planned and completed. The system shall utilize work orders and provide and maintain a list of Spare Parts availability, Facility Equipment history and other details customarily collected with respect

to facilities similar to the Facility;

(b) Operator shall implement and periodically update a plan of Scheduled Services for the Facility, including outage planning, execution and coordination, technical supervision, labor, tooling and equipment, and inspection reports and recommendations, subject to Lessee's approval, which approval shall not be unreasonably withheld. The plan of Scheduled Services shall include an inspection, not less than annually, of the interiors of all major Facility vessels. The Parties shall mutually develop the plan of Scheduled Services consistent with the scheduling requirements of the Power Plant and the Contract Purchasers;

(c) Operator shall maintain a set of marked-up As-built drawings at the Site showing any modifications made to the Facility (which modifications in all cases shall be subject to Lessee's and Owner's approval as provided in Article 15). Operator will update drawings at the Site as requested by Owner in accordance with a Change Order;

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(d) Corrosion probe measurements shall be obtained daily. Abnormalities shall be reported promptly to Lessee and resolved expeditiously. A quarterly report containing a graphical representation of the corrosion probe data and the calculated corrosion rate in mils/yr. for each test point will be provided to Lessee by Operator;

(e) Operator shall provide reasonable home office project support, including personnel management and administration, engineering, technical, environmental, regulatory and training and other support, required for the performance of the Work; and

(f) Operator shall provide accounting services as necessary to formulate, monitor and report on the Budget.

Unscheduled Services requiring replacement of pumps, parts, compressors, motors, vessels and other major Facility components, in each case having a component capital or repair cost in excess of \$25,000, shall (unless and to the extent attributable to negligence of Operator) be performed pursuant to a Change Order. The Facility shall be returned to Lessee at the end of the Term in good working condition.

3.4 PROCUREMENT. Operator shall procure all equipment, materials, supplies and services required for the operation and maintenance, including Routine Services, Scheduled Services and Unscheduled Services, of the Facility or otherwise for the performance of the Work. Operator shall make appropriate provisions for inspection, acceptance and/or return of goods and services delivered or provided, and shall be responsible for settling any quality disputes with vendors.

Operator shall purchase MEA from a vendor designated by Lessee,

provided it is available at arms length fair market pricing and markups and commissions not in excess of historical practices at the Facility.

3.5 SUBCONTRACTORS. Operator shall be responsible for the acts and

omissions of all Subcontractors, if any, used by Operator in the performance of the Work and, as between Operator and Lessee, any act or omission of any Subcontractor shall be deemed to be an act or omission of Operator. Operator shall be responsible for the implementation and coordination of the work of each Subcontractor consistent with the standards provided in Article 3.3(a) through (f). Operator will use reasonable efforts to include in subcontracts entered into by Operator provisions permitting simultaneous termination without accrual of subsequent charges in the event that this Agreement is terminated or expires pursuant to its terms.

3.6 INVENTORY. Operator shall maintain on Site an inventory of Facility

Equipment, Spare Parts, Facility Tools and Consumables adequate to support continuous and successful operation of the Facility. A current inventory of Facility Equipment, Spare Parts, Facility Tools and Consumables shall be supplied by Lessee to Operator thirty (30) Days prior to the Operation Date. A periodic inventory report shall be provided by Operator to Lessee in accordance with the Site Procedures. At the end of the Term Operator shall return to Lessee an inventory of Facility Equipment, Spare Parts, Facility Tools and Consumables substantially equivalent to that contained in the inventory made available to Operator on the Operation Date.

3.7 CHANGES. Operator shall periodically identify and make

recommendations to Lessee and Owner with regard to changes, capital improvements, modifications and upgrades to enhance the operation

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of the Facility. Any such change, improvement, modification or upgrade shall be implemented pursuant to the Change Order procedures provided in Article 15.

3.8 COORDINATION. Operator shall be responsible for routine coordination

and interface with the parties to the Facility Contracts and local agencies, such as fire and police departments, as required for the operation and maintenance of the Facility, subject to any direction with respect to the same by Lessee. Operator shall arrange for loading of Product by contract purchaser's driver into the Contract Purchasers' trucks. Operator shall maintain a Production, Shipping and Inventory log and transmit a copy to Lessee and each Contract Purchaser by 7:30 A.M. each Day. Operator will notify the Contract Purchasers of any circumstances that would limit Product availability over the following seventy two (72) hours within two (2) hours of the time that such circumstances occur.

thereafter, Operator shall submit to Lessee a detailed budget for the next Contract Year (the "Budget") and a general budget projection for the next five calendar years, in each case setting forth, the following:

(a) the proposed amounts to be spent annually as delineated in Exhibit F;

(b) the proposed amount to be spent annually for servicing, overhaul and repair of the Facility required as a result of the exhaustion of the useful life of pumps, compressors, motors, vessels and other major Facility components, in each case having a component capital or repair cost in excess of \$25,000, all to the extent required by and in accordance with the standards provided in Article 3.3(a) through (f). Such amount shall not include the cost of Routine Services and Scheduled Services to be performed during such Contract Year, and

(c) an allowance of \$75,000 for Unscheduled Services to be performed during such Contract Year; provided however that the foregoing allowance shall be subject to annual prospective adjustment in the event that the operating experience demonstrates that such allowance is insufficient or excessive.

The Budget and the five year general budget projection shall be subject to the reasonable review and approval by Lessee. Any dispute as to the approval of the same shall be subject to resolution pursuant to the binding arbitration provisions of Article 13, notwithstanding the dollar limits otherwise applicable to disputes under that Article. During the pendency of any such arbitration, Lessee shall provide funding under Article 5 on the basis provided in the general budget projection previously approved for the applicable Contract Year, subject to retroactive adjustment to the Budget determined through such arbitration.

3.10 REPORTS BY OPERATOR. Operator shall provide summary reports to

Lessee on a daily basis in accordance with Exhibit G. Within five (5) Days

after the end of each calendar month of operations, Operator shall deliver a report summarizing the Facility production for the previous month. Within fifteen (15) Days after the end of each calendar month of operations, Operator shall deliver a report, substantially in the form provided in Exhibit I,

summarizing in detail the Work performed during such month. Operator shall advise Lessee of any Unscheduled Outage as soon as possible and in no event later than two (2) hours after commencement. Any material modification or repair to the Facility necessitated by or required to conclude an Unscheduled Outage shall be reported to Lessee. Within fifteen (15) Days after the conclusion of any Unscheduled Outage, Operator shall deliver a report to Lessee describing the nature of the Unscheduled Outage and detailing any remedial measures undertaken to correct such Unscheduled Outage. Further, within ninety

(90) Days after the conclusion of any Unscheduled Outage Operator shall deliver a report to Lessee detailing the most probable cause or causes of any Unscheduled Outage, any remedial

measures recommended to minimize future Unscheduled Outages and the incremental cost of such remedial actions, if not of a nature (such as proper training of the Facility Work Force or modification of Site procedures) within the scope of operation and Routine Services and Scheduled Services hereunder. Operator shall provide such additional information and prepare such additional reports, notices and other communications with respect to Operator's performance of Work hereunder as Lessee may reasonably request.

3.11 PLANT MANAGER. Operator shall designate a Plant Manager to supervise

the performance of the Work, represent and act on behalf of Operator and receive communications from Lessee. The designation and replacement of the Plant Manager shall be subject to the reasonable approval of Lessee and Owner, and the Plant Manager shall be removed and replaced by Operator if requested for reasonable cause by Lessee or Owner. The Plant Manager shall act on behalf of Operator as the principal interface with Lessee and Owner.

3.12 TAXES AND EMPLOYEE COSTS. Operator shall pay all income, payroll,

employment, unemployment, ERISA and other taxes, benefits, insurance, sick leave, holidays, vacation, pensions and other costs or expenses associated with or relating to its personnel and all sales and use taxes, if any, related to the Work. As between Operator and Lessee, Operator shall be responsible for the payment of all of the foregoing with respect to employees of Subcontractors.

3.13 SAFETY. Operator shall execute the Work and conduct its operations

at the Site, and limit access and maintain Site and Facility security in compliance with the safety requirements of all Governmental Requirements, the Site Procedures and Prudent Practices. Operator shall review and modify the existing Safety and Security Program on an ongoing basis as part of Routine Services, so as to maintain it at all times in accordance with the standards provided in Article 3.3(a) through (f). In the event it becomes necessary to amend or modify the Safety and Security Program, Operator shall prepare and deliver to Lessee any amendment or modification to the Safety and Security Program promptly after making such amendment or modification. Operator shall be responsible for implementing and managing the Safety and Security Program. Operator shall designate a qualified safety and security representative to implement all activities outlined in the Safety and Security Program and direct its personnel to take all precautions necessary or appropriate to protect against and prevent injury or damage to personnel and property. Operator shall provide Lessee with notice (including a copy of any accident report) within twenty four (24) hours after the occurrence, of any material accident or injury on Site, including any as to which notice is required to any governmental entity

under Governmental requirements or to the insurance carrier under any insurance coverage maintained by either party under Article 12.

3.14 EMERGENCIES. In the event of any emergency that involves the

Facility and endangers human safety or property, Operator shall take such action as may be reasonable and necessary to prevent, avoid, or mitigate injury, damage or loss and shall as soon as practicable:

- (a) report any such incidents, including Operator's response thereto, to Lessee;
- (b) contact Lessee if further action is required; and
- (c) provide a written report of the incident and Operator's response to Lessee within forty eight (48) hours after the end of the emergency.

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3.15 GOVERNMENT REQUIREMENTS. Operator shall operate and maintain the

Facility and perform all of its other obligations hereunder in accordance with all applicable Governmental Requirements. Operator shall promptly notify Lessee of any deficiencies or compliance requirements relating to Governmental Requirements necessary for the continuous operation of the Facility in accordance herewith. Further, as changes take effect, or when Operator becomes aware of changes or potential changes in such Governmental Requirements, Operator shall advise Lessee thereof. Lessee shall provide Operator with copies of all permits held as of the Operation Date, and all modifications or replacements of the same promptly after issuance thereof.

3.16 PERMITS. Operator shall obtain and maintain all Permits, including

those relating to engineering, crafts, safety and health, to enable it to perform the Work in accordance with all Governmental Requirements, with the exception of Permits, such as building Permits, certificates of occupancy and environmental emission and discharge Permits, required by the fundamental nature of the Facility rather than the operation thereof. Each Party shall provide reasonable assistance to the other in obtaining and maintaining in effect all Permits required to be obtained and maintained by the other hereunder.

3.17 LESSEE'S ACCESS. To the extent such access does not have a material

adverse effect on Operator's ability to execute the Work, Operator shall provide unrestricted access to the Facility and to the Site to:

- (a) Lessee and Owner and their respective designees, and, upon Owner's request, Financing Entity and its designees; and
- (b) parties providing goods and services to the Facility on behalf of

Lessee or Owner, including for purposes of Unscheduled Services and changes contemplated by Article 3.7 to the extent not to be performed by Operator hereunder.

Lessee, Owner and Financing Entity, or their respective designees, shall have the right during regular business hours on reasonable advance notice to examine and audit the books and records of or relating to Facility operations and maintenance maintained at the Site. Lessee shall also at it's expense be entitled to conduct an audit of all payment adjustments as contemplated under Article 5.3, Budget Adjustments, and payments made to Operator hereunder on a time and materials basis.

3.18 RECORDS. Operator shall maintain records relating to the operation

and maintenance of the Facility consistent with the requirements of Exhibit E,

all Governmental Requirements and the requirements related to records contained in the Facility Contracts, and retain such records at the Site, or such off-Site location as may be mutually agreed upon by the Parties, for a minimum period of five (5) years and otherwise as required by applicable Governmental Requirements, provided that Operator shall not dispose of or destroy any such records even after said five (5) years without first providing Lessee ninety (90) Days notice. Where Lessee is required by the Facility Contracts or by applicable Governmental Requirements to retain records for a longer period of time, or where records relate to disputes, appeals, arbitration, litigation or the settlement of claims arising out of the performance of this Agreement, such records shall be maintained by Operator for the time period requested in a written notification from Lessee which states the amount of time needed over and above the normal five (5) year retention period for the resolution of the matter giving rise to the longer retention requirement. Lessee, Owner and their respective designees shall be provided with reasonable access to such records.

3.19 INSURANCE. Operator shall provide and maintain the insurance

coverage and limits described in Article 12.1. In addition, Operator shall make reasonable efforts to assist Lessee in procuring the insurance coverages and limits described in Article 12.2 of this Agreement.

3.20 HAZARDOUS MATERIALS. Any Hazardous Materials shall be handled and

disposed of in accordance with Article 16.

3.21 TITLE. Operator shall retain title to any equipment, materials,

supplies, and services purchased by Operator and not installed in the Facility; provided, however, title to any equipment, materials, supplies and services that are purchased for performance of Work by Operator under a Change Order shall pass directly to Lessee upon payment by Lessee, and Operator shall indemnify

Lessee and Owner against any mechanics or other liens imposed with respect to equipment, materials, supplies or services provided to the Facility as part of the performance of the Work.

3.22 FACILITY OPERATING PROCEDURES. Operator shall review and modify

the existing Facility Operating Procedures on an ongoing basis as part of Routine Services, so as to maintain them at all times in accordance with the standards provided in Article 3.23(a) through (f). Operator shall be responsible for implementing and managing the Facility Operating Procedures. In the event it becomes necessary to amend or modify the Facility Operating Procedures, Operator shall prepare and deliver to Lessee any amendment or modification to the Facility Operating Procedures promptly after making such amendment or modification.

3.23 SITE PROCEDURES. Operator shall review and modify the existing

Site Procedures on an ongoing basis as part of Routine Services, so as to maintain them at all times in accordance with the standards provided in Article 3.23(a) through (f). Operator shall be responsible for implementing and managing the Site Procedures. In the event it becomes necessary to amend or modify the Site Procedures, Operator shall prepare and deliver to Lessee any amendment or modification to the Site Procedures promptly after making such amendment or modification.

3.24 PERSONNEL TRAINING. Operator shall review and modify the existing

Training Plan on an ongoing basis as part of Routine Services, so as to maintain it at all times in accordance with the standards provided in Article 3.3(a) through (f). Operator shall be responsible for implementing and managing the Training Plan. In the event it becomes necessary to amend or modify the Training Plan, Operator shall prepare and deliver to Lessee any amendment or modification to the Training Plan promptly after making such amendment or modification. The Facility Work Force shall be trained pursuant to such Training Program.

3.25 FACILITY AND SITE UPKEEP. Operator shall perform all touch-up and

other incidental painting, cleaning and other cosmetic maintenance of Facility structures and equipment, and all Site snow removal, landscaping and other grounds maintenance.

4.0 LESSEE'S RESPONSIBILITIES

4.1 DIRECTION AND CONTROL. Lessee shall formulate a Plan of Operations

for the Facility from time to time, specifying Lessee's requirements for the operation schedule and other operating objectives, within the limits of the terms of this Agreement, the Facility Contracts, Prudent Practices, Governmental Requirements and the technical capability of the Facility.

4.2 LESSEE'S REPRESENTATIVE. Lessee shall designate a Project

Administrator to represent and act on behalf of Lessee and receive communications from Operator. Notification of changes in the Project Administrator shall be provided to Operator in a timely manner. The Project Administrator shall be responsible for representing Lessee's interests in the day-to-day operations and maintenance affairs of the Facility. The Project Administrator shall also be responsible for specifying to Operator Lessee's requirements as to the operating schedule and other operating objectives in accordance with Article 4.1. The Project Administrator shall act on behalf of Lessee as the principal interface with Operator.

4.3 PAYMENT. Lessee shall make timely payments of sums due and payable to

Operator pursuant to Article 5 of this Agreement.

4.4 COPIES OF EXISTING PROCEDURES AND PROGRAMS. At least sixty (60) Days

before the Operation Date, Lessee shall give Operator copies of the existing Safety and Security Program, Site Procedures, Facility Operating Procedures and Training Program. Lessee makes no representation as to the adequacy or comprehensiveness of any of the foregoing.

4.5 AVAILABILITY OF INFORMATION. Lessee shall make available to Operator

such operation and maintenance manuals, as-built drawings, specifications, warranties, diagrams, test results and all other documents and information as are available to Lessee relating to the operation and maintenance of the Facility. To the extent such information is designated as confidential, Operator shall maintain it in accordance with the terms of Article 19.

4.6 PERMITS. Lessee (directly or through Owner) shall obtain and maintain

all Permits, such as building Permits, certificates of occupancy and environmental emission and discharge Permits, required by the fundamental nature of the Facility rather than the operation thereof.

4.7 TAXES. Lessee shall pay any duty or tax, other than taxes for which

Operator is responsible under Article 3.12, as may arise out of or relate to the operation of the Facility.

4.8 INSURANCE. Lessee shall provide and maintain the insurance coverages

and limits described in Article 12.2 of this Agreement.

4.9 COPIES OF FACILITY CONTRACTS. Lessee shall provide true, correct

and complete copies of the Facility Contracts to Operator on or before the Effective Date and any amendments to such agreements promptly after execution.

4.10 MISCELLANEOUS FACILITIES. Lessee shall provide and make available to

Operator the existing Facility, including offices, storage facilities, unloading docks, maintenance facilities, restrooms, space for food vending machines, kitchen facilities, computers and other office equipment and other accommodations for Operator's use in performing the Work.

4.11 UTILITIES. Lessee shall, without charge, provide Operator with

electricity within the limits provided in the Lease Agreement, steam within the limits provided in the Steam Sales Agreement, demineralized water and flue gas from the Power Plant. Operator shall use its best efforts to minimize the use of these items in accordance with the standards provided in Article 3.3(a) through (f).

5.0 PAYMENTS BY LESSEE

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5.1 GENERAL. In full satisfaction of its obligations to Operator in

consideration of Operator's performance of the Work, Lessee shall make the payments to Operator provided in this Article 5, with such periodic adjustments to be made between the Parties as is provided herein.

5.2 MONTHLY SUM. Lessee shall pay the Operator a fixed monthly fee,

accruing commencing on the Operation Date, of \$250,000, prorated in respect of any partial month and escalated during the Term in accordance with the escalation formula contained in Exhibit K (each such monthly payment shall be

referred to as the "Monthly Sum"). Each Monthly Sum shall be paid by Lessee within thirty (30) Days after receipt of a Payment Request therefor submitted by Operator to Lessee following the month in respect of which payment is sought. The Monthly Sum is in consideration of all goods and services to be provided hereunder except as expressly set forth herein.

5.3 BUDGET ADJUSTMENTS. The Monthly Sum includes an estimated allocable

portion of the cost of process chemicals and waste disposal for the applicable Contract Year based on the Budget for such Contract Year. To the extent that the Facility meets the Minimum Product Output Guarantee in any Contract Year, and the actual aggregate cost of chemicals and waste disposal for such Contract Year:

(a) exceeds one hundred ten percent (110%) of the aggregate Budget amount for the same, Lessee shall reimburse Operator for the amount in excess of one hundred ten percent (110%), which reimbursement request shall be included as part of the Payment Request in respect of the first month of the following

Contract Year; or

(b) is less than ninety percent (90%) of the aggregate Budget amount for the same, Operator shall refund to Lessee fifty percent (50%) of the amount under ninety percent (90%), which refund shall be offset against Payment Requests next coming due, or paid by Operator to Lessee concurrently with any termination of this Agreement.

For purposes of the foregoing, the actual aggregate cost of chemicals and waste disposal for any Contract Year shall exclude the cost associated with usage rates per ton of Product of produced in excess of the Efficiency Guarantee for the items covered thereby, but shall give effect to any cost increases during such Contract Year in the unit rate for such items over that assumed in the Budget.

5.4 MAJOR MAINTENANCE EXPENDITURES. Lessee shall reimburse the Operator

for expenditures made in the prior month in accordance with the Major Maintenance Budget, which reimbursement request shall be included as part of the Payment Request in respect of such month. Payment Requests under this Article 5.4 shall include such expenditure documentation and backup as may be reasonably requested by Lessee. Omissions, additions and other deviations from the Major Maintenance Budget shall require a Change Order pursuant to Article 15.

5.5 CHANGE ORDERS. Lessee shall pay Operator with respect to Change

Orders on a lump sum or periodic basis as specified in the particular Change Order. For Change Orders, if any, performed on a time and materials basis, the Payment Request shall be accompanied by an itemization of the expenditures covered by the Payment Request and the dollar amount of each item. Payment Requests under this Article 5.5 shall include such expenditure documentation and backup as may be reasonably requested by Lessee. All Change Orders shall be handled in accordance with Article 15.1.

5.6 BONUS. Operator shall be entitled to a bonus payment (the "Bonus") in

respect of each Contract Year determined on the following basis:

(a) The maximum Bonus in respect of each Contract Year shall be \$300,000, escalated during the Term in accordance with the escalation formula contained in Exhibit K and prorated for any Contract Year of less than three

hundred and sixty five (365) Days.

(b) No portion of the Bonus shall be earned in respect of any Contract Year unless the Qualifying Facility Objective is achieved for such Contract Year.

(c) Fifty percent (50%) of the maximum Bonus in respect of any Contract Year shall be earned in the event that the Qualifying Facility Objective is achieved for such Contract Year.

(d) The remaining fifty percent (50%) of the maximum Bonus in respect of any Contract Year shall be earned in the event that the Minimum Product Output Guarantee is achieved for such Contract Year.

(e) Notwithstanding the foregoing, the aggregate amount of Bonus earned pursuant to Article 5.6(c) and (d) in respect of any Contract Year shall be reduced, by not more than fifty percent (50%) of such aggregate amount, on a dollar for dollar basis, by the amount, if any, payable by Lessee to Operator in excess of amounts provided in Article 3.9(b) and 3.9(c) for such Contract Year. The Bonus shall be payable within thirty (30) Days after the end of the applicable Contract Year.

5.7 INTEREST ON LATE PAYMENTS. Any amounts not disputed in good faith and

not timely paid to Operator in accordance with this Article 5 shall accrue interest from the fifth (5th) Day following the Day on which such amounts become due and owing to the Day on which such amounts and the interest thereon are paid to Operator at the Interest Rate.

5.8 INSURANCE. Operator shall be responsible for the payment of premiums

on insurance obtained pursuant to Article 12.1. Lessee shall be responsible for the payment of premiums on insurance obtained pursuant to Article 12.2.

6.0 TERM OF AGREEMENT

6.1 TERM. This Agreement shall become effective as of the Effective Date.

The term of this Agreement shall begin on the Effective Date and continue until the last Day of the fifth (5th) full calendar year after the Operation Date, subject to earlier termination as provided herein (the "Term").

Notwithstanding the foregoing, Lessee shall be entitled, with the consent of Owner, to terminate this Agreement, effective May 31, 1995, in the event that, on or before such date, Operator has failed to satisfy the following conditions:

(a) notifying Lessee and Owner of any Permits to be obtained by Operator under the terms of this Agreement, making application for the same (with copies to Lessee and Owner) and providing reasonable assurance to Lessee and Owner that such Permits will be obtained on or before the Operation Date.

(b) developing a detailed written plan for transition of operation and maintenance of the Facility from the current operator, including provision for transfer of operation, maintenance, inventory, purchasing, personnel, accounting, and other Facility historical data.

(c) contacting the regular vendors supplying goods and services to the Facility and arranging for the transfer of supply arrangements effective upon the Operation Date.

(d) offering employment, commencing on the Operation Date, to persons currently employed in the operation and maintenance of the Facility by the current operator on terms comparable to the terms of employment provided for persons employed in the operation and maintenance of the Power Plant (and at a total compensation package comparable to the predecessor employer) and obtaining acceptance of such offers by a majority of the persons currently employed but in no event fewer than 66% of the operating staff.

(e) coming to agreement with Lessee on the initial Budget and general budget projections contemplated by Article 3.9.

(f) providing a guaranty by Westinghouse Electric Corporation in the form set forth in Exhibit N.

In the event Lessee terminates this Agreement in accordance with this Article 6.1, this Agreement shall be terminated and the Parties shall have no further obligations to each other except those Articles which survive termination in accordance with Article 18.12.

7.0 TERMINATION

7.1 INSOLVENCY. If (a) either Party sells or transfers all or

substantially all of its assets, makes a general assignment for the benefit of its creditors or institutes a proceeding in bankruptcy, or (b) an involuntary bankruptcy proceeding is commenced against, or a receiver is appointed on account of, such Party's insolvency, and in the case of (b) such proceeding or receivership is not stayed or dismissed within sixty (60) Days, this Agreement shall automatically terminate.

7.2 TERMINATION FOR MATERIAL BREACH. Either Party may terminate this

Agreement effective upon notice of termination given to the other Party, if, at any time, the other Party materially breaches this Agreement and such breach is not cured within forty-five (45) Days after notice specifying such breach is given to the other Party.

7.3 TERMINATION FOR CONVENIENCE. Lessee may, with the consent of Owner,

terminate this Agreement at any time effective upon ninety (90) Days notice given to Operator. In the event of such termination, Lessee shall pay to

7.4 LESSEE'S RIGHTS. In the event that Lessee elects to terminate this

Agreement pursuant to this Article 7, or pursuant to Article 11.3, Operator shall provide Lessee with the right without charge to continue to use any of Operator's patented, copyrighted and/or proprietary information that has been developed specifically for the Work, subject to the provisions of any Operator software licensing agreements (excluding payment of license fees thereunder). In such event, Lessee shall also have the right to take possession of all Facility Equipment, Spare Parts, Facility Tools and Consumables and may employ any other person to perform the Work by whatever method Lessee may deem expedient. Lessee shall be free to make offers of employment to Operator's employees upon expiration or termination of this Agreement or if such expiration or termination is imminent, provided, however, that the start date for such employees shall not be earlier than the date of termination of the Work, or the expiration of the Term pursuant to Article 6, as applicable. In connection with any such termination, Operator shall also deliver to Lessee all Facility records in the possession of Operator, including any of the same that are contained in

computer media, which records shall be downloaded in useable form by Operator. Lessee shall attempt to mitigate the cost for the continued performance of the Work, but may undertake such reasonable expenditures as in Lessee's sole judgment will best support effective performance of the Facility (including, where necessary, the entry into contracts without prior solicitation of proposals). Operator shall not be entitled to receive any further payments under this Agreement, except for payments for the Work performed prior to such termination, reduced by any damages due from Operator to the extent that the termination is pursuant to Article 7.2 due to a breach by Operator.

7.5 GENERAL OBLIGATIONS OF OPERATOR. If this Agreement terminates

pursuant to Article 7.1 by reason of Lessee's insolvency, pursuant to Article 7.2 by reason of a breach by Lessee or if Lessee elects to terminate this Agreement pursuant to Article 7.3 or Article 11.3, Operator shall, at Lessee's request and expense, which expense Operator shall use its reasonable efforts to minimize, assist in an orderly turnover of the Facility, and, without limiting the generality of the foregoing, shall perform the following relative to the Work so affected:

(a) assist Lessee in preparing an inventory of all Facility Equipment, Spare Parts, Facility Tools and Consumables in use or in storage at the Site;

(b) assign to Lessee all subcontracts and other contractual agreements as may be designated by Lessee to the extent Operator is not contractually prohibited from making such assignment;

(c) assist Lessee in training Operator's successor, if any; and

(d) to the extent specified and requested by Lessee, remove from the Site all such Facility Equipment, Spare Parts, Facility Tools and Consumables, and all Hazardous Materials introduced to or produced at the Site by Operator and all rubbish.

If this Agreement terminates pursuant to Article 7.1 by reason of Operator's insolvency or pursuant to Article 7.2 by reason of a breach by Operator, Operator shall perform the same turnover services without charge to Lessee.

7.6 OPERATOR RIGHTS. Operator shall receive compensation for Work

performed prior to any termination in accordance with Article 7.1, 7.2, 7.3 or 11.3, reduced by any damages due from Operator to the extent that the termination is pursuant to Article 7.1 by reason of Operator's insolvency or Article 7.2 due to a breach by Operator. In addition, Operator shall, except in the case of a termination pursuant to Article 7.1 by reason of Operator's insolvency or Article 7.2 due to a breach by Operator, receive termination charges that are specifically limited to compensation, including reasonable profit, for Work performed after the notice of termination that is reasonably required by Operator to bring the Work to an orderly conclusion and termination charges as set forth in Exhibit D hereto. Payments of such termination

charges shall be made by Lessee within thirty (30) Days after the date of Operator's invoice.

7.7 OWNER RIGHTS, ETC. Notwithstanding anything herein to the contrary,

Operator shall not terminate this Agreement pursuant to Article 7.2 by reason of a breach by Lessee without first giving Owner and Financing Entity a concurrent notice of termination, and forty-five (45) Days opportunity to cure the breach. In connection with any such cure, the curing third party shall have the further right to assume this Agreement, with the effect that it shall be reinstated and shall remain in effect with such third party in accordance with its terms.

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8.0 OPERATOR'S INDEMNITY

8.1 GENERAL. In addition to its indemnification obligations provided

in Articles 3.21 (Title) and 16.4 (Hazardous Materials) herein, Operator shall defend, indemnify and hold harmless Lessee, Owner, Financing Entity and their respective officers, partners, directors, and employees from and against:

(a) claims, damages, losses, and expenses arising out of or resulting from personal injury to or death of any person (including under indemnities of

Operator's employees) and for damage to or destruction of third party property to the extent caused by any negligent act or omission or intentional misconduct during the performance of the Work at the Site by Operator or any Subcontractor. [Note: For purposes of this indemnity, the term "third party" shall not include Lessee, Owner, Financing Entity and their successors and assigns, or any party or person with an equity interest in Lessee, Owner or Financing Entity which party or person also claims or seeks to claim any of the rights, powers or privileges of Lessee, Owner of Financing Entity under this Agreement, or claims that it is a third party beneficiary under this Agreement]; and

(b) fines and penalties which arise during the performance of the Work for alleged violation of any applicable Governmental Requirements by Operator or any Subcontractor; and

(c) claims by a governmental or taxing authority claiming taxes based on gross receipts or on income of Operator or any Subcontractor with respect to any payment for the Work made to or earned by Operator or any Subcontractor under this Agreement.

8.2 WORKERS COMPENSATION, ETC. In any and all claims against Lessee, by -----
or on behalf of any employee of Operator or any Subcontractor, or any other party for whose acts Operator or any Subcontractor may be liable, the indemnification obligation stated above shall not be limited in any way by any compensation or benefits payable by or for Operator under any applicable workers' compensation act, disability act or other act providing employee benefits or limiting the direct liability of Operator with respect to the same.

8.3 EXPENSES. The Operator's indemnification obligations under Article -----
3.21 and Article 16.4 and this Article 8 shall include and extend to reasonable legal fees and expenses incurred by the indemnified party in defense of any claim for which indemnification is due hereunder and all cost incurred in enforcement of the aforesaid indemnification obligation.

8.4 SURVIVAL. The Operator's indemnification obligations under Article -----
3.21 and Article 16.4 and this Article 8 shall survive the expiration or any earlier termination of this Agreement and shall extend as to any claim for which indemnification is sought through the applicable statute of limitations period for such claim.

8.5 NOTICE. Operator's indemnity obligations under this Agreement are -----
conditioned upon Lessee furnishing to Operator prompt written notice of any claim for which indemnification is sought.

9.0 LESSEE'S INDEMNITY

9.1 GENERAL. In addition to its indemnification obligations provided in -----

Article 16.1 (Hazardous Materials) herein, Lessee shall defend, indemnify and hold harmless Operator and its officers, directors and employees from and against:

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(a) claims, damages, losses, and expenses arising out of or resulting from personal injury to or death of any person (including under indemnities of Lessee's employees) and for damage to or destruction of third party property to the extent caused by any negligent act or omission or intentional misconduct at the Site by Lessee or any party for whose acts Lessee may be liable. [Note: For purposes of this indemnity, the term "third party" shall not include Contractor and its successors and assigns or any party or person with an equity interest in Contractor which party or person also claims or seeks to claim any of the rights, powers or privileges of Contractor under this Agreement, or claims that it is a third party beneficiary under this Agreement]; and

(b) fines and penalties which arise during the performance of the Work for alleged violation of any applicable Governmental Requirements by Lessee or any party for whose acts Lessee may be liable (other than Operator and its Subcontractors); and

(c) claims by a governmental or taxing authority claiming taxes for which Lessee is responsible under Article 4.7.

9.2 WORKERS COMPENSATION, ETC. In any and all claims against Operator, by -----
or on behalf of any employee of Lessee or any party for whose acts Lessee may be liable, the indemnification obligation stated above shall not be limited in any way by any compensation or benefits payable by or for Lessee under any applicable workers' compensation act, disability act or other act providing employee benefits or limiting the direct liability of Lessee with respect to the same.

9.3 EXPENSES. The Lessee's indemnification obligations under Article 16.1 -----
and this Article 9 shall include and extend to reasonable legal fees and expenses incurred by the indemnified party in defense of any claim for which indemnification is due hereunder and all cost incurred in enforcement of the aforesaid indemnification obligation.

9.4 SURVIVAL. The Lessee's indemnification obligations under Article 16.1 -----
and this Article 9 shall survive the expiration or any earlier termination of this Agreement and shall extend as to any claim for which indemnification is sought through the applicable statute of limitations period for such claim.

9.5 NOTICE. Lessee's indemnity obligations under this Agreement are -----
conditioned upon Operator furnishing to Lessee prompt written notice of any

claim for which indemnification is sought.

10.0 REPRESENTATIONS AND WARRANTIES

10.1 BY OPERATOR. Operator represents and warrants to Lessee as follows as

of the Effective Date:

(a) CORPORATE STANDING. Operator is, and during the Term will

remain, a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is and will remain in good standing as a foreign corporation qualified to do business in the Commonwealth of Massachusetts, with all necessary corporate power and authority to perform its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action and do not and will not violate any provision of Operator's charter or by-laws or any indenture, agreement or instrument to which Operator is a party, or by which Operator or its property may be bound or affected, non-compliance of which could reasonably be expected

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to have a materially adverse affect on Operator or its ability to perform its obligations under this Agreement.

(b) PERMITS. Operator will obtain on or before the Operation Date and will

thereafter maintain through the Term the Permits required under Article 3.16.

10.2 BY LESSEE. Lessee represents and warrants to Operator as follows as

of the Effective Date:

(a) CORPORATE STANDING. Lessee is, and during the Term will remain, a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, with all necessary corporate power and authority to perform its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action and do not and will not violate any provision of Lessee's charter or by-laws or any indenture, agreement or instrument to which Lessee is a party, or by which Lessee or its property may be bound or affected, non-compliance of which could reasonably be expected to have a materially adverse affect on Lessee or its ability to perform its obligations under this Agreement.

(b) PERMITS. Lessee or Owner has and will maintain through the Term

the Permits required under Article 4.6.

11.0 FORCE MAJEURE

11.1 FORCE MAJEURE. The term "Force Majeure" as used herein shall

include the following and any other causes beyond the reasonable control of and occurring without the fault or negligence of the Party claiming Force Majeure: acts of God, earthquakes, fires, floods, riots, unusually severe weather conditions at the Site, insurrections, acts of war (whether declared or otherwise), tornadoes, hurricanes, cyclones, strikes, work stoppages or other labor difficulties (excluding difficulties with the Facility Work Force at the Site), unavailability of fuel or energy shortages, acts or failures to act by federal, state or local, governmental, regulatory or judicial bodies, and acts or failures to act by Lessee within the scope of Lessee's obligations hereunder, Owner or Financing Entity (within the scope of their obligations hereunder) with respect to the Facility or this Agreement. Notwithstanding the foregoing, no failure of performance by Operator (or any Affiliate of Operator) as operator of the Power Plant shall constitute an event of Force Majeure or otherwise excuse performance by Operator hereunder.

11.2 EFFECT AND LIMITATIONS. If either Party because of Force

Majeure is rendered wholly or partly unable to perform its obligations under this Agreement, except for the obligation to make payments, that Party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that:

(a) The non-performing Party shall, as soon as practicable but in any event within twenty four (24) hours after it becomes aware that it will be unable to perform, give the other Party oral notice of such inability. Not later than five Days after such oral notice, the non-performing Party shall furnish written notice to the other Party describing the particulars of the occurrence and the expected duration of the Force Majeure and thereafter provide periodic supplemental updates;

(b) The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure; and

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(c) No obligations of either Party which arose before the occurrence causing the suspension of performance are excused as a result of the occurrence.

When the non-performing Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt notice to that effect.

11.3 TERM. In no event will any condition of Force Majeure extend

the Term. In the event that Operator's performance is suspended under this Article 11 for a period in excess of three (3) months, Lessee shall be entitled to terminate this Agreement upon thirty (30) Days advance notice, in connection with which the Parties rights and obligations shall be as provided in Article 7.

11.4 REMOVAL OF FORCE MAJEURE. The affected Party shall use reasonable

best efforts to remedy any inability to perform due to Force Majeure provided that Operator shall not be required to perform additional work or take special measures that cannot be performed with the Facility Work Force unless Lessee directs that it be done pursuant to a Change Order.

11.5 LESSEE OBLIGATION TO PAY. Lessee's obligation to make payments

to Operator and provide funds applicable to the Budget hereunder shall not be excused due to Force Majeure, provided that Operator shall use reasonable efforts to mitigate costs hereunder during any suspension of performance due to an event of Force Majeure. Payments to Operator, including payments for special measures undertaken by Operator pursuant to a Change Order under Article 11.4 shall be reduced to the extent of any such cost reductions.

12.0 INSURANCE

12.1 OPERATOR'S INSURANCE. Operator, and all Subcontractors performing

any on-Site services in connection with the operation and maintenance of the Facility, shall procure and maintain in effect during the period for which they perform services pursuant to this Agreement the following insurance coverage:

- (a) Worker's Compensation subject to statutory limits;
- (b) Employer's liability with limits of liability of \$1,000,000 per accident; and
- (c) Vehicle liability insurance covering all owned, non-owned and hired automobiles, trucks, trailers, and other vehicles. Such insurance shall provide coverage not less than that of the standard comprehensive automobile policy in limits no less than \$1,000,000 combined single limit each occurrence for bodily injury and property damage.

12.2 LESSEE'S INSURANCE. Lessee, directly or through Owner (whose

coverage may be obtained directly or through Operator or an affiliate in connection with the operation and maintenance agreement for the Power Plant) shall procure and maintain in effect during the Term at its expense the following minimum insurance coverage:

(a) Liability insurance in a form providing coverage not less than that of the ISO Commercial General Liability 1988 Occurrence Form, covering operations of the Facility, including coverage for independent contractors, products and completed operations broad form property damage

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coverage (for any written or oral contracts related to the Facility) and personal injury liability coverage for claims arising out of the operations of the Facility with policy limits not less than \$1,000,000 aggregate;

(b) Excess, or umbrella liability, insurance to provide limits of insurance in excess of the general liability coverage of not less than \$4,000,000 combined single limit for personal injury and property damage; and

(c) Property Insurance and Business Interruption in such levels as may be required by Financing Entity.

(d) Deductibles applicable to any loss for which coverage applies under any of the foregoing policies shall be borne by Owner, except for losses for which coverage applies under the property insurance policy to the extent such loss is caused by the negligence of Operator. In such case the deductible, or portion thereof, shall be borne by Operator, up to a maximum of the lesser of the deductible amount or \$100,000 plus 50% of the deductible amount greater than \$100,000 but in no event shall Operator pay more than \$200,000 per occurrence, and \$400,000 during any Contract Year.

12.3 POLICY TERMS. Each policy of insurance required to be carried

hereunder shall name Lessee, Operator (and Westinghouse Electric Corporation), Owner and Financing Entities as additional insureds as their respective interests may appear, and shall be placed with such insurers as may be accepted, and shall include such deductibles and exclusions as may be permitted, by Financing Entity.

12.4 CERTIFICATES. Within sixty (60) Days after the Effective Date

each Party shall provide to the other Party, pursuant to the notice provisions of Article 18.4, properly executed certificates of insurance evidencing the required coverage. These certificates shall provide the following information:

(a) Name of insurance company, policy number and expiration date;

(b) The coverage required and the limits on each, including the amount of deductibles and self-insured retentions;

(c) A statement indication that thirty (30) Days notice of

cancellation or modification of any of the policies shall be given to the insured and additional insureds; and

(d) Named insured.

12.5 POLICIES. Copies of the insurance policies for each Party will be

forwarded to the other Party upon request.

12.6 WAIVER OF SUBROGATION. Each additional insured waives its rights

of recovery against the other additional insureds (in their capacity hereunder) and will use its reasonable efforts to secure its insurer's waiver of rights of subrogation on its respective insurance policies. shall provide a waiver of subrogation against the other additional insured on its respective insurance policies

13.0 DISPUTE RESOLUTION

13.1 GENERALLY. It is the non-binding intent of the Parties that

they shall not invoke the binding arbitration provisions of this Article 13 prior to attempting, for a period of at least thirty (30) Days after notice of any dispute hereunder is given by one Party to the other, to settle any dispute hereunder through good faith attempts at the management level, and, failing that, through the designation by each Party of a

senior executive to make further good faith attempts to settle such dispute. Notwithstanding the foregoing, in the event that, for any reason (including inadequacy of settlement efforts), a settlement of such dispute, mutually acceptable in the non-reviewable judgment of either Party, is not reached within thirty (30) Days after notice of any dispute is given by either Party to the other, either Party shall be entitled to invoke the binding arbitration provisions of this Agreement, or, where permitted, to pursue other remedies hereunder, in connection with which the adequacy or inadequacy of the aforesaid settlement attempt by either Party shall neither be a basis for postponing binding arbitration or pursuit of such other remedies, or otherwise an issue or subject of such binding arbitration or any proceeding relating to the pursuit of such other remedies.

13.2 ARBITRATION LIMITS. Both Parties agree to binding arbitration

pursuant to Article 13.3 if such dispute involves claims which individually or in the aggregate total not more than \$1,000,000. No final arbitration award rendered hereunder may exceed such amount. Each Party may pursue any available legal or equitable remedy for all other disputes. The questions of whether claims exceed the \$1,000,000 and whether the binding arbitration provisions of this Agreement are otherwise not applicable to the dispute shall each also be

determined through binding arbitration in the manner provided in Article 13.3.

13.3 ARBITRATION PROCEDURE. Disputes subject to binding arbitration

hereunder shall be submitted to and settled by arbitration in conformance with rules of the American Association of Arbitration then in effect (or at any other place or under any other form of arbitration mutually acceptable to the Parties). Any award rendered shall be final and conclusive upon the Parties, and a judgment thereon may be entered in any court of any forum, state or federal, having jurisdiction. In any arbitration, there shall be appointed one arbitrator if both Parties agree in writing to do so. Otherwise, there shall be appointed three arbitrators, one each by Lessee and Operator, and the third by the arbitrators selected by the Parties. The jurisdiction of the arbitrator(s) shall be limited to rendering an award not in excess of \$1,000,000. The arbitration shall take place in New York City, New York. The expenses of the arbitration shall be borne equally by the Parties to the arbitration, provided that each Party shall pay for and bear the cost of its own experts, evidence and counsel, and provided, however, that the arbitrator shall have the discretionary power to make a different allocation of costs of arbitration and/or Party expenses in the interest of fairness.

13.4 CONSOLIDATION. To the extent permitted by applicable

Governmental Requirements, both Parties agree to consolidate into a single arbitration or legal proceeding as the case may be, any disputes involving Operator and Lessee.

14.0 LIMITATIONS OF LIABILITY

14.1 CONSEQUENTIAL DAMAGES, ETC. Each Party shall be liable for direct

contract damages for any breach of this Agreement, but shall not be liable to the other Party, whether based in contract, in tort (including negligence and strict liability), under warranty, or otherwise, for any special, indirect, incidental, or consequential loss or damage whatsoever, including damage to or loss of property or equipment (except for Operator's responsibility to pay deductibles under the property insurance on the Facility as set forth in Article 12.2(d)), loss of use of equipment or power system, loss of profits or revenues, increased costs of any kind, including capital cost, raw material cost and cost of Facility production, or claims of any customers of Lessee, in each case to the extent constituting special, indirect, incidental, or consequential damages. For purposes of this Article 14.1, any costs of performing the Work incurred by Operator in excess of amounts payable by Lessee pursuant to Article 5 shall not be deemed to be special, indirect, incidental, or consequential damages.

14.2 TOTAL LIABILITY LIMIT. The total aggregate liability of either

Party to the other Party, in excess of insurance payments received in respect of the same, with respect to any and all claims arising out of the performance or non-performance of its obligations under this Agreement, whether based on contract, warranty, tort (including negligence and strict liability), or otherwise shall not exceed, with respect to claims arising or accruing in any Contract Year, 62.5% of the total of all Monthly Sums paid or to be paid in such Contract Year.

14.3 SCOPE; SUPREMACY. The protections afforded Operator under this

Article 14 extend to any Subcontractors. The provisions of this Article 14 shall prevail over any conflicting or inconsistent provisions set forth elsewhere in this Agreement.

15.0 CHANGES

15.1 CHANGE ORDER. Scope Changes shall not be effective unless and

until they are set forth in a document which describes all work outside the scope of Work, authorizes a Scope Change, sets forth the price of such Scope Change, and is duly executed by Lessee and Operator ("Change Order"). Change Orders shall be required for all Unscheduled Services (with a credit up to the amount provided therefor in Article 3.9 (b) in each Contract Year) and for all matters contemplated by Articles 3.7, 5.4 and 16.1. Except for insurance payments which may be received in respect of the same, Operator shall not be entitled to a Change Order in respect of Unscheduled Services or in connection with an addition to the Major Maintenance Budget to the extent attributable to negligence in the performance of its other obligations hereunder. Nothing hereunder shall restrict Lessee from engaging other parties to provide goods and services to the Facility.

15.2 INITIATION. Lessee may, at any time, and from time, to time,

request a Scope Change. In addition, Operator may provide Lessee with a notice of any condition or event which Operator believes entitles it to claim that a Change Order should be issued. Such notice shall describe in detail the nature of any such condition or event and shall include projected additional costs including man-hours, labor rates and mark-ups, quantities, unit rates, equipment prices, expenses and overhead. Such claims shall also be accompanied by such available information to assist Lessee in determining the reasonableness of the proposed Scope Change. Supplemental information shall be provided as it becomes available.

15.3 PREPARATION OF CHANGE ORDER. In the event that the Parties agree to

enter into a Change Order, the initiating Party shall prepare, sign and issue to the other Party a Change Order. Upon review of such Change Order and, subject to its approval, the other Party shall sign and return the document to the initiating Party. Operator shall not be obligated to proceed with any Scope Change until a Change Order has been duly executed by both Parties.

15.4 PRICING. With respect to the pricing of Change Orders, Operator

may provide lump sum pricing which shall include reasonable overhead and profit.
Where the parties cannot agree on a lump sum Change Order, pricing shall be
established based on Exhibit M.

15.5 CHANGE IN GOVERNMENTAL REQUIREMENTS. Lessee and Operator intend

that services under this Agreement will at all times comply with applicable
Governmental Requirements then in effect. If Governmental Requirements are
revised, repealed or judicially reinterpreted after the Effective Date so as to
increase Operator's cost of performance of the Work, Operator shall be entitled
to a Change Order.

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15.6 CHANGE IN FACILITY CONTRACTS. If there are changes in the

Facility Contracts after the Effective Date that increase Operator's cost of
performance of the Work, Operator shall be entitled to a Change Order.

16.0 HAZARDOUS MATERIALS

16.1 PRE-EXISTING MATERIALS. Operator makes no representation or

warranty concerning the existence or nonexistence of Hazardous Materials at the
Site when the Work commences and disclaims all responsibility and liability for
the excavation, transportation, storage, handling, removal, treatment or
disposal of pre-existing Hazardous Materials discovered or encountered at the
Site. Lessee shall indemnify, defend and hold Operator and Subcontractors
harmless from and against any claim, suit, loss, cost, liability, fine, or
damage (including reasonable attorneys fees), including liability or cost
incurred or assessed against Operator pursuant to 42 USC 9601 et seq.,
"Comprehensive Environmental Response, Compensation and Liability Act of 1980"
and amendments thereto, 15 USC 2602, et seq., "The Toxic Substances Control Act"
and amendments thereto, 42 USC 6901 et seq., The Resource Conservation and
Recovery Act of 1976" and amendments thereto, or other applicable Governmental
Requirements made or asserted by any person, including governmental entities,
based on or related to complaints or allegations, whether or not supported by
fact, that soils, leachate, effluent, or other residue located on, emanating
from, or arising from the soils, subsurface or physical conditions at the Site
contain pre-existing toxic substances or pre-existing Hazardous Materials which
it finds during performance of the Work. Lessee shall be responsible for the
prompt determination of the nature of such Hazardous Materials and shall proceed
with due diligence. If treatment of such Hazardous Materials adversely affects
Operator's cost of performance or ability to perform, Operator shall be entitled
to a reasonable adjustment as set forth in a Change Order issued pursuant to

Article 16.

16.2 HANDLING OF MATERIALS. Operator shall arrange for the proper

collection, removal and disposal of any Hazardous Materials furnished, used, applied, generated or stored at the Site by Operator or Subcontractor(s) or emanating from the Site as a result of Work at the Site, including MEA and other process chemicals used in the Facility's carbon dioxide recovery process and used oils, greases, and solvents from flushing and cleaning processes performed under this Agreement. All activities in connection with the foregoing shall be performed in accordance with all Governmental Requirements. All costs associated with the transporting and disposing of Hazardous Materials introduced on the Site by Operator during performance of the Work shall be paid by Operator pursuant to the provisions of Article 3.4, subject to the reimbursement of costs with respect to the same provided in Article 5.

16.3 DATA SHEETS. As required under all applicable Governmental

Requirements, Operator shall provide Material Safety Data Sheets covering all Hazardous Materials furnished under or otherwise associated with the Work. Operator shall provide Lessee with copies of the applicable Material Safety Data Sheets or copies of a document certifying that no Material Safety Data Sheets are required under any applicable Governmental Requirements and shall determine whether any substance or material furnished, used, applied, or stored in connection with the Work is within the provisions of any Governmental Requirements concerning Hazardous Materials.

16.4 OPERATOR RESPONSIBILITY. Operator covenants and agrees that

Operator will not introduce Hazardous Materials on the Site or in the Work in violation of Governmental Requirements or handle Hazardous Materials negligently or in violation of Governmental Requirements. Operator shall indemnify, defend and hold Lessee and its partners, officers, directors, employees, assigns, successors in interest, and agents, from and against any claim, suit, loss, liability, fine, or damage (including reasonable legal fees and expenses) pursuant to 42 USC 9601 et seq., "Comprehensive Environmental Response, Compensation and

Liability Act of 1980" and amendments thereto, 15 USC 2601, et seq., "The Toxic Substances Control Act" and amendments thereto, 42 USC 6901 et seq., "The Resource Conservation and Recovery Act of 1976" and amendments thereto, or other Governmental Requirements, arising out of Operator's breach of the preceding covenant and agreement. Lessee shall provide prompt notice to Operator of any such indemnification sought from Operator.

17.0 PROPRIETARY INFORMATION

17.1 PROPRIETARY INFORMATION. Operator and Lessee have a

proprietary interest in information that will be furnished to or obtained by Operator pursuant to this Agreement, including the proprietary process licensed by Owner and Lessee from Fluor Daniel, Inc. for the recovery of carbon dioxide in the Facility (which information Lessee and Lessee Owner are authorized to disclose to Operator) and all operating and cost information relating to the Facility prior to or during the Term. The Party in receipt of proprietary information ("Receiving Party") from the disclosing Party ("Disclosing Party") shall keep in confidence and will not disclose any such information which is specifically designated as being proprietary to the Disclosing Party or use any such information for other than the purpose for which it is supplied without the prior written permission of the Disclosing Party. Without limiting the generality of the foregoing, Operator shall not disclose Facility operating data to any purchaser of power from the Power Plant or customer of the Facility, any governmental authority or any other party, except as specifically directed (and only to the extent so directed) in writing by Owner and Lessee or by a governmental authority of competent jurisdiction. The provisions of this Article 17 shall not apply to information that the Receiving Party can substantiate was in its possession at the time it was initially furnished by the Disclosing Party; is or becomes generally available to the public without breach of this provision; is received from a third party who is, as far as reasonably be determined, under no limitation or restriction regarding disclosure; or is developed independently by the Receiving Party without benefit of the information furnished by the Disclosing Party. Operator confirms that the facility cost and operating data is subject to a confidentiality restriction in favor of Lessee and Owner, but may be freely disclosed by Lessee and Owner at their discretion.

17.2 TERMS OF AGREEMENT. Operator and Lessee have a proprietary

interest in this Agreement. Accordingly, its terms shall not be disclosed in whole or in part to third parties without the prior written permission of the other Party, provided, however, that nothing herein shall prohibit either Party from making any disclosure required by any Governmental Requirement (pursuant to Article 17.3), or Lessee from disclosing the same to Owner (on a confidential basis as provided in this Article 17), or Owner from making any disclosure required by any Governmental Requirement (pursuant to Article 17.3) or the Financing Agreements (on a confidential basis as provided in this Article 17, or as otherwise agreed between the Parties.).

17.3 MANDATORY DISCLOSURE. When required by Governmental

Requirements, Operator may disclose such proprietary information to the requesting governmental entity, provided, however, that prior to making any such disclosure, Operator shall: provide Lessee and Owner with timely notice of the proprietary information requested and Operator's intent to so disclose, minimize the amount of proprietary information to be provided commensurate with the interests of Lessee and Owner and the requirements of the governmental entity, and make every reasonable effort (which shall include participation by Lessee and Owner in discussions with the governmental entity) to secure confidential treatment and minimization of the proprietary information to be

provided. In the event that efforts to secure confidential treatment are unsuccessful, Lessee and Owner shall have the prior right to revise such information to minimize the disclosure of such information in a manner commensurate with their interests and the requirements of the governmental entity.

18.0 MISCELLANEOUS

18.1 ENTIRE AGREEMENT. This Agreement contains the entire understanding

of the Parties with respect to the subject matter hereof, and supersedes all prior agreements and commitments between the Operator and either the Lessee or Owner with respect to the Facility. There are no oral understandings, terms, or conditions, and neither Party has relied upon any representation, express or implied, not contained in this Agreement.

18.2 AMENDMENTS. No change, amendment, or modification of this

Agreement shall be valid or binding upon either Party unless such change, amendment or modification shall be in writing and duly executed by both Parties. Except as expressly provided in Article 7 or 11, this Agreement may only be terminated by a writing duly executed by both Parties.

18.3 CAPTIONS. The captions and subheadings contained in this

Agreement are for convenience and reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained herein.

18.4 NOTICES. Any notice, demand, offer, or other written instrument

required or permitted to be given pursuant to this Agreement shall be in writing signed by the Party giving such notice and shall be hand delivered or sent by registered letter, overnight courier or telephone facsimile copy (with a concurrent telephone confirmation of receipt and a mailing of the original by first class mail) to the other Party at the addresses set forth below:

TO LESSEE:

NECO-Bellingham, Inc.
11104 West Airport Boulevard
Suite 160
Stafford, TX 77477
ATTN: John W. Simm, Vice President
Phone: (713)-983-0500
Fax: (713)-980-4506

With a copy in the same manner to Owner:

Northeast Energy Associates,
A Limited Partnership
c/o Intercontinental Energy Corporation
350 Lincoln Place
Hingham, MA 02043
ATTN: Stephen R. Pritchard,
Operations Manager
Phone: (617)-749-9800
Fax: (617)-740-2159

TO OWNER:

Northeast Energy Associates,
A Limited Partnership
c/o Intercontinental Energy Corporation
350 Lincoln Place
Hingham, MA 02043

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ATTN: Stephen R. Pritchard,
Operations Manager
Phone: (617)-749-9800
Fax: (617)-740-2159

For notice to Financing Entity under Article 7.7 hereunder:

TO FINANCING ENTITY:

State Street Bank and Trust Company
Corporate Trust Department
2 International Place
Boston, MA 02110
ATTN: Jill Olson
Vice President
Phone: (617)-664-5672
Fax: (617)-664-5371

TO OPERATOR:

Westinghouse Operating Services
Company, Inc.
4400 Alafaya Trail
The Quadrangle
Orlando, FL 32826-2399
ATTN: Operation & Maintenance Manager
Phone: (407) 281-2000
Fax: (407)-281-5530

Each Party shall have the right to change the place to which notice shall be sent or delivered by similar notice sent in like manner to the other Party. The effective date of any notice issued pursuant to this Agreement shall be the date when delivered if hand delivered, when sent if by overnight courier or telephone facsimile copy (as aforesaid) or three (3) Days after being deposited in U.S. mail if sent by registered mail.

18.5 SEVERABILITY. The invalidity of one or more of the provisions

contained in this Agreement shall not affect the validity of the remaining portions of the Agreement so long as the material purposes of this Agreement can be determined and effectuated.

18.6 ASSIGNMENT. This Agreement shall only be binding upon, inure to the

benefit of, and be performable by the successors and assigns of the Parties hereto, and shall only operate to release the assignor, pledgor, or transferor from any of its obligations under this Agreement, if consent to the assignment, pledge or transfer, or release, as the case may be, is given in writing by the other Party and Owner. Without the prior consent of Operator, Lessee may collaterally assign all or part of its right, title, and interest in this Agreement to Owner, and either Lessee or Owner may similarly make such a collateral assignment to Financing Entity, and this Agreement may be assigned in connection with any sale or other transfer of the Facility by Owner. In addition, Lessee may assign all or part of its right, title, and interest in this Agreement to any other person or entity with the prior written approval of Operator, which approval shall not be unreasonably withheld, but shall not be given without the consent of Owner. Operator agrees to execute any consents to such assignment reasonably required by such Financing Entity or in connection

with any sale or transfer of the Facility so long as any such consents do not expand the liability of Operator beyond that established in this Agreement had no such assignment, sale or transfer taken place.

18.7 NO WAIVER. Any failure of either Party to enforce any of the

provisions of this Agreement or to require compliance with any of its provisions at any time during the pendency of this Agreement shall in no way affect the validity of this Agreement, or any part hereof, and shall not be deemed a waiver of the right of either Party thereafter to enforce any and each such provisions.

18.8 APPLICABLE LAW. This Agreement shall be governed by the laws of

the State of New York excluding conflicts of law principles.

18.9 EXHIBITS. All Exhibits referenced in this Agreement shall be

deemed to be incorporated into this Agreement by such reference and to be an integral part of this Agreement. In the event of a conflict or inconsistency between the provisions of any Exhibit and the provisions of this Agreement, the provisions of this Agreement shall prevail.

18.10 NO AGENCY, PARTNERSHIP, ETC. This Agreement shall not constitute

Operator an agent of, or partner or joint venturer with, Lessee or Owner, and Operator shall have no authority to bind Lessee or Owner to any third party. Likewise, this Agreement shall not constitute Lessee as an agent of, or partner or joint venturer with Operator and Lessee shall have no authority to bind Operator to any third party

18.11 THIRD PARTY BENEFICIARIES. Owner and Financing Entity shall be

deemed to be intended third party beneficiaries of this Agreement to the extent of their rights expressly enumerated herein.

18.12 SURVIVAL. Article 8, 14 and 17, and all other Articles providing

for limitation of or protection against liability of either Party, shall continue in effect notwithstanding any other provision of the Agreement and shall survive termination, cancellation or expiration of the Agreement.

18.13 COUNTERPARTS. This Agreement may be executed in counterparts, each

of which shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their duly authorized representatives as of the Effective Date.

NECO-BELLINGHAM, INC.

By:-----

/s/ JOHN W. SIM

Name:-----

/s/ VICE PRESIDENT

Title:-----

WESTINGHOUSE OPERATING SERVICES

COMPANY, INC.

By:_____

Name:_____

Title:_____

EXHIBIT A

DESCRIPTION OF THE FACILITY

The Bellingham Carbon Dioxide Recovery Facility is designed to produce liquid food grade Carbon Dioxide.

The feedstock to the plant is a 10 MM SCFH slip stream of combustion flue gas from the adjacent 300 MW natural gas fired power plant. This gas stream contains approximately 3.0 to 3.5 percent by volume of Carbon Dioxide.

The slip stream of flue gas is diverted to the Carbon Dioxide facility through use of a 96 inch diameter duct. The flue gas exits this duct into a Direct Contact Cooler. The cooler reduces the temperature and removes water from the flue gas. The water removed is the sole source of process water available to the Carbon Dioxide Recovery Facility.

The flue gas exits the Direct Contact Cooler into the suction of a 2500 HP Blower which then pushes the gas stream upward through the Absorber Tower. As the flue gas flows upward it is contacted inside the tower by a liquid stream of "Lean" MEA flowing downward. Contact between the MEA and flue gas results in transfer of Carbon Dioxide from the flue gas to the liquid MEA stream. At the top of the Absorber Tower the flue gas exits to the atmosphere minus most of the Carbon Dioxide it contained when it entered the bottom of the Absorber. The liquid MEA at the bottom of the Absorber tower is "Rich" or high in Carbon Dioxide content due to its countercurrent contact with the flue gas.

The "Rich" MEA liquid proceeds to the top of a stripping column. It is stripped of its Carbon Dioxide as it flows downward through the column into each of two reboilers at the bottom of the stripper. At this point the MEA is now "Lean" or low in Carbon Dioxide concentration. From the reboilers the "Lean" MEA liquid is returned to the top of the Absorber.

In the reboilers, Carbon Dioxide gas is liberated from the MEA solution by heating the MEA. This Carbon Dioxide gas flows upward through the stripper joining with the Carbon Dioxide gas being released from the downward flowing MEA. The combined or total Carbon Dioxide gas stream flows up and out of the top of the Stripper through the reflux condenser and accumulator to the CO₂ wash column where to the "Back End" or the Liquefaction portion (back end) of the Facility begins. The heat, or energy, that liberates the Carbon Dioxide gas from the liquid MEA in the reboilers comes from steam off the low pressure steam header of the Power Plant. Steam use averages 60 to 68 thousand pounds per hour. Steam condensate is returned to the Power Plant in a closed loop.

The Carbon Dioxide gas stream exiting the top of the Stripper is laden with moisture and contains small amounts of various impurities. The moisture and impurities are removed as the Carbon Dioxide passes through a wide variety of

heat exchangers, knockout drums, filter media, drying media and a stripping tower. At the same time the Carbon Dioxide gas stream is pressurized in two stages to 300 psig and liquefied at -15 to -20 degrees Fahrenheit.

A two stage Ammonia system provides the refrigeration for cooling and liquefying the Carbon Dioxide gas stream. All other process cooling is accomplished with air finned fan coolers.

A-1

The high purity food grade liquid Carbon Dioxide is stored at 217 psig and -17 degrees Fahrenheit in eight individual 200 ton storage tanks. It is loaded into trucks in amounts ranging from 18 to 22 tons at a time for distribution to its end users.

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EXHIBIT B

BELLINGHAM CO2 PRODUCTION FACILITY

ORGANIZATIONAL CHART

FACILITY WORK FORCE

FACILITY PLANT MANAGER
DOUG WILLIAMSON

OPERATIONS MANAGER

MAINTENANCE MANAGER
WILLIAM VOGEL

ADMINISTRATIVE SUPERVISOR

Plant Engineer

Maintenance Engineer

- 1. Operator
- 2. Operator
- 3. Operator
- 4. Operator

- 1. Aux Oper.
- 2. Aux Oper.
- 3. Aux Oper.
- 4. Aux Oper.
- 5. Aux Oper.
- 6. Aux Oper.
- 7. Aux Oper.
- 8. Aux Oper.

- 1. Mechanic
- 2. I&CTech.

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EXHIBIT C

EXISTING INVENTORY

Current listing of all Facility Equipment, Spare Parts, Facility Tools and Consumables to be supplied by Lessee to Operator thirty (30) Days prior to the Operation Date.

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EXHIBIT D

TERMINATION PAYMENT SCHEDULE

<TABLE>
<CAPTION>

	Fixed Termination Fee
<S> Termination date falls in first year after Operation Date	<C> \$600,000*
Termination date falls in second year after Operation Date	\$450,000*
Termination date falls in third year after Operation Date	\$300,000*
Termination date falls in fourth year after Operation Date	\$150,000*
Termination after fourth year following Operation Date	0

</TABLE>

* Fixed Fee values will be multiplied by the current escalation adjustment factor in effect as of the date of termination as calculated in accordance with Exhibit K.

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EXHIBIT E

O&M RECORDKEEPING REQUIREMENTS]

The following includes a list of records that shall be retained in accordance with Article 3.18. This list is subject to mutually agreed upon changes from

time to time.

Document of Communication and Events Within the Plant

- Control room operators' log book
- Supervisors log book
- Instruction log book
- Maintenance work order status log book

DCS Printouts

- Daily production/consumption summary
- DEP daily report
- Daily report
- Shift report

Production and Product Quality

- Daily inventory/production/shipment summary
- Daily Production Report
- Carbon dioxide batch test record
- Carbon dioxide/purity test - product to storage
- Lot control form
- Pickup tickets
- Truck weigh scale calibration records
- Liquid CO2 sample collection log
- Outside laboratory CO2 analysis and chain of custody forms
- Continuous Product Monitoring System, (CPMS), log book
- CPMS repairs and calibration log
- CPMS data printouts
- CPMS cal. gas specification analysis

Visitor Registration and Safety

- Control room visitor log
- Plant visitor/safety equipment checklist
- Work permits
- Lock out and tag log

Training and Safety

All documentation of specialized training, i.e., hazard material handling, emergency response, CPR, first aid, specialized skills, etc. Monthly and quarterly inspection checklists and summaries for:

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- Fire extinguishers, halon systems, safety showers and eyewash stations, fire hoses and cabinets and sprinklers.
- Electrical powered hand tools

- Scott airpacks, workplace air quality analyzers and in-line fresh air breathing gear
- Motor vehicle safety inspections
- Respirator cleaning and inspections
- Rigging
- Safety belts

Process Data Logs and Trend Plots

- Daily chemical analysis log - MEA solution
- MEA and inhibitor addition and tankage log
- Waste disposal log
- Reclaimer campaign - lean solution and soda ash addition
- All outside laboratory analysis
- Corrosion probe readings and plots, (XE - 115, 125, 140, 141 and 150)
- Trend graphs of - heat stable salts, solution iron, inhibitor concentrations, rich and lean CO2 loadings and MEA color

Materials, Services and Equipment Maintenance

- Purchase orders
- Receiving slips
- Maintenance work orders
- Instrument calibration records
- Equipment history
- Spare parts inventory status

Major Plant Equipment Data

- Blower readings
- Compressor readings
- CO2 waste water carbon filter log
- D.E. filter log

Waste Storage and Disposal

- Daily environmental inspection - check list
- Weekly satellite station and waste accumulation area inspection log
- Waste storage area log
- Waste movement forms
- Waste shipment manifests

Monthly Reports

Outage Reports

Event Reports

MONTHLY SUM BREAKDOWN

The Monthly Sum will include the following items:

Personnel and Services

- All full time plant staff salaries, overtime, benefits, payroll taxes and insurance. All personnel management and administration, engineering, technical, environmental, regulatory and training and other support.

Process Consulting Services

Utilities

- House Power
- Telephone

Chemicals and Filters

- MEA Deliveries*
- MEA Carbon Filter*
- Inhibitor Deliveries*
- Soda Ash Deliveries
- Diatomaceous Earth
- CO2 Carbon Filter
- CO2 H2O Filter Cartridges
- Drier Media*
- Coalescer Cartridges
- Mole Sieve Media*
- Miscellaneous Filters

Waste Removal/Disposal

- Reclaimer Sump*
- Industrial Wastewater Sump
- Cotton Filter
- Oily Rags
- Speedy Dry
- MEA Carbon*
- Dryer Media*
- Mole Sieve Media*

- CO2 Carbon
- Carbon Filter Cartridges
- Compressor Oil and Ammonia
- Parts Wash Solvent
- Carbon H2O

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- Methanol
- Containers
- Analysis
- Plant Trash
- Shutdown Services*

Maintenance, Parts and Services

- Repair Parts & Services
- Preventive Parts & Services
- Insulation Materials & Services
- Paint Materials & Services
- Inspection and testing Materials & Services
- Other Outside Contractors
- Minor Improvements
- Fire Protection Systems
- Bench Stock
- Scaffold Rental
- Hose
- Expendables - Gasket, Thread Compound
- Scale Repair/Calibration
- Fan Belts
- Tools
- Groundskeeping

Rental Equipment and Services

- Pickup Truck Lease and Repairs
- Fork Lift Truck Repair Agreement
- Office Equipment
- Storage Trailers
- Janitorial Services
- Spring Water
- Crane

MEA Analysis

- Lab Material and Equipment
- Equipment Repair

- Outside Analysis
- Sample Transport

CO2 Analysis

- Site Materials and Equipment
- Outside Analysis
- CO2 Sample Transport
- Continuous Analyzer System Maintenance & Service

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Other

- Safety Equipment and Materials
- First Aid Supplies
- Office Supplies
- Federal Express
- Computer Supplies
- Plant Travel
- Training Materials
- Employee Relations
- Computer Equipment & Software

* These items will be delineated separately as budgeted categories in accordance with Article 3.9(a).

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EXHIBIT G

LIST OF DAILY REPORTS TO BE PROVIDED TO LESSEE

Daily inventory/production/shipment summary of status report.

All other reports, records, logs, etc. listed in Exhibit E under Article

3.18 of the Agreement will be available to the Lessee at all times at the Site.

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EXHIBIT H

SITE LAYOUT AND DESCRIPTION

See attached Plot Plan - Drawing 624700-4-500 Rev. 2
Release date January 24, 1990

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EXHIBIT I

SAMPLE OF MONTHLY REPORT

SEE ATTACHED SAMPLE OF MONTHLY REPORT

A sample monthly report has been included in the three ring binder provided to Operator. It is the December, 1994 monthly report produced by the current contract operator less the figures for financial performance.

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EXHIBIT J

INSPECTION SCHEDULING GUIDELINES

Maintenance Inspections to be performed by the Operator in accordance with manufacturers' recommendations.

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EXHIBIT K

ESCALATION FORMULA

Beginning with January 1996, the Monthly Sum (excluding the estimated allocable portion of the cost of all process chemicals and waste disposal for the applicable Contract Year based on the Budget for such Contract Year) shall be increased or decreased, as the case may be, January of each year as follows:

Adjusted Fee = $[.7(EGSW_x)/(EGSW_o) + .3 (ECI-WC_x)/(ECI-WC_o)]$
multiplied by the initial Monthly Sum.

Where:

EGSWx is the U.S. Bureau of Labor Statistics average hourly earnings of Electric, Gas and Sanitary workers for the month in respect of which the adjustment is made;

EGSWo is the U.S. Bureau of Labor Statistics average hourly earnings of Electric, Gas and Sanitary Workers for July 1995;

ECI-WCx is the Employment Cost Index for Private Industry White Collar Wages & Salaries, as published by the United States Department of Labor, Bureau of Labor Statistics in the publication entitled "Monthly Labor Review", for the month in respect of which the adjustment is made; and

ECI-WCo is the Employment Cost Index for Private Industry White Collar Wages & Salaries, as published by the United States Department of Labor, Bureau of Labor Statistics in the publication entitled "Monthly Labor Review," for July 1995.

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EXHIBIT L

CARBON DIOXIDE QUALITY SPECIFICATIONS

The composition of the liquid carbon dioxide produced by the Carbon Dioxide Plant Facility will meet the following criteria:

ANALYSIS	LIMIT
-----	-----
Percent Carbon Dioxide, Purity	99.95% by Volume (Min.)
Water Content, Dew Point	8 ppm by Volume, -80 F. (Max.)
Volatile Hydrocarbons as Methane	20 ppm by Volume (Max.)
Non-Volatile Residues	5 ppm by Weight (Max.)
Oxygen (O /2/)	10 ppm by Volume (Max.)
Carbon Monoxide (CO)	10 ppm by Volume (Max.)
Hydrogen (H/2/)	60 ppm by Volume (Max.)
Hydrogen Sulfide (H/2/SO/4/	0.5 ppm by Volume (Max.)
Nitrogen (N/2/) & Argon	90 ppm by Volume (Max.)
Nitrogen Oxides (No/x/)	2.5 ppm by Volume (Max.)

Sulfur Dioxides (SO ₂)	0.5 ppm by Volume (Max.)
Carbonyl Sulfide (COS)	0.5 ppm by Volume (Max.)
Mercaptans	0.5 ppm by Volume (Max.)
Benzene	50 ppb by Volume (Max.)

All Carbon Dioxide shall conform to the requirements of the Product Quality Control Procedure, as mutually agreed upon by Operator and Lessee.

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EXHIBIT M

PRICE LIST 1720

See attached Price List 1720.

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[LETTERHEAD OF WESTINGHOUSE ELECTRIC CORPORATION]

September 2, 1994	SEE REVERSE SIDE FOR SECTION 2	FIELD ENGINEERING
Supersedes PL 1720 Section 1		SERVICES FOR
dated January 2, 1993		FOSSIL PLANT SITES
Prices subject to change without notice		
Mailed to: E. C/1700A		

I. SELLING POLICY

All prices contained herein are subject to the terms and conditions of Westinghouse Selling Policy 1701 in effect on the date on an order is received.

II. PRICE POLICY

All rates and prices are subject to change without notice. Unless contracted otherwise, rates and prices for ongoing contracts will be those in effect at the time the work is performed.

III. ENGINEER HOURLY RATES

Westinghouse offers three types of field engineering services for power generating equipment, at rates as defined below.

A. TECHNICAL FIELD ASSISTANT (TFA)

An Engineer providing TFA renders advice and makes recommendations based on Westinghouse procedures and drawings during standard maintenance of Westinghouse units. By definition, standard maintenance includes disassembly, inspection, replacement of renewal parts, routine repair and reassembly.

(*) Hourly rates for TFA:

Straight Time	Weekday OT/ Saturday	Sunday & Holiday
\$112.00	\$168.00	\$224.00

B. SUPERVISORY SERVICES

An Engineer providing supervisory services directs Westinghouse personnel performing to Westinghouse procedures and process specifications, requiring unique skills and custom equipment or tooling.

A job specific readiness fee will apply to all orders, that are not firm priced, for supervisory services. This fee will cover pre-job efforts and will be quoted separately.

(*) Hourly rates for Supervisory Services:

Straight Time	Weekday OT/ Saturday	Sunday & Holiday
\$112.00	\$168.00	\$224.00

C. SPECIAL SERVICES

An Engineer providing Special Services performs diagnostic and operational trouble-shooting of turbine-generator equipment. This work may be conducted onsite or by telecommunication. Special Services includes diagnostic electrical testing, evaluation and set-up activities on control systems, voltage regulator systems and any on-line diagnostics. Level III NDE and balancing is also included in this type of field engineering services.

(*) Hourly rates for Special Services:

Straight Time	Weekday OT/ Saturday	Sunday & Holiday
\$112.00	\$280.00	\$280.00

IV. EXPLANATORY NOTES

A) In the event Westinghouse use outside or subsidiary personnel to perform services that would normally be performed by Westinghouse personnel.

Westinghouse will invoice Purchaser for such personnel at the hourly rates published herein.

- B) Minimum billing is 8 hours
- C) The straight-time rate applies to all time worked or traveled during an 8 hour work day or fraction thereof; that is, any consecutive 8 hour period in a weekday (Monday through Friday, holidays excepted) with an allowance for lunch time.
- D) The week day overtime and Saturday rates apply to all time worked or traveled in excess of 8 hours during a weekday and all time worked or traveled on Saturday (holidays excepted). All time worked or traveled on a Sunday or a holiday, locally observed by Westinghouse, will be billed at the Sunday and holiday rate.
- E) Technical services of factory engineers, headquarters service specialists, and computer charges will be those set forth in Westinghouse Price List 1275. Project Managers will be quoted upon request.
- F) Changes for equipment, tools and instruments supplied with field engineering personnel will be quoted by your local Westinghouse representative.
- G) Technical Direction of Installation (TD of I) will be charged at the rate in Section III A. Terms and Condition for TD or I are SP1701 with Technical Services Warranty and Exclusive Remedy (5B) being applicable.

V. EXPENSES

A fixed daily expense charge will be assessed as outlined below.

- A) * When daily commuting personnel supplied, a \$35 local daily expense charge, covering local transportation and miscellaneous expenses, will be assessed for each day assigned to the work.
- B) For job sites where personnel require overnight lodging, the applicable daily expense charge for the job site will be assessed for each calendar day an individual is assigned to a project including non-working weekend days for jobs extending over the weekend(s). Westinghouse will supply engineers and technicians based on qualifications with priority given to qualified daily commuting personnel when available.

Round trip air and/or ground transportation from the individual's home location to the job site will be extra and billed at cost.

The following geographical area daily expense charge covers lodging, meals, local transportation and miscellaneous expenses (telephone, postage, laundry, etc.).

Daily Expense
Charge Class

Daily Expense
Charge (*)

A1	\$280.00
A	215.00
B	190.00
C	175.00
D	165.00
E	150.00
F	140.00
G	130.00

The daily expense charge class for a particular power plant or job location can be obtained from the local Westinghouse representative.

(*) Changed since previous issue.

EXHIBIT N

WESTINGHOUSE ELECTRIC CORPORATION GUARANTY

NECO-Bellingham, Inc.
 11104 West Airport Boulevard
 Suite 160
 Stafford, Texas 77477

Gentlemen:

Reference is made to the Contract between NECO-Bellingham, Inc. ("Lessee") and Westinghouse Operating Services Company, Inc. ("WOSC") for the Bellingham Project Carbon Dioxide Recovery Facility ("Contract"). WOSC is a wholly owned subsidiary of Westinghouse Electric Corporation ("WELCO"). In connection with said Contract, WELCO agrees as follows:

1. Unless otherwise noted, capitalized terms used in this letter shall the meanings assigned to such terms in the Contract.
2. In consideration of one dollar and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, WELCO, on behalf of itself, its successors, and permitted assigns, irrevocably and unconditionally guarantees to Lessee, its successors, and permitted assigns, the prompt, full and faithful observance, fulfillment and performance by WOSC of each of the obligations, responsibilities, and undertakings to be carried out, performed or observed by WOSC to the extent and under the terms and conditions set forth in the Contract.

3. If at any time WOSC, its successors, or permitted assigns, fails, neglects or refuses to timely or fully perform any of its obligations, responsibilities, or undertakings as expressly provided in the terms and conditions of the Contract, and if within fifteen (15) days after written notice of such failure, WOSC has not commenced corrective action to the extent required by the Contract, then upon receipt of written notice from Lessee specifying the failure, WELCO shall perform, or cause to be performed, any such obligation, responsibility, or undertaking as required pursuant to the terms and conditions of the Contract, including without limitation all payment obligations under the Contract.

4. With respect to any claim, action or proceeding against WELCO in connection with this guaranty, WELCO shall be entitled to assert only those defenses which WOSC would be able to assert if such claim, action or proceeding were to be asserted or instituted against WOSC based upon the Contract.

5. WELCO covenants and agrees with Lessee, its successors, and permitted assigns, that (i) any amendments, modifications or supplements to the Contract, or (ii) the giving of any consent by Lessee or WOSC to any permitted assignment of the Contract, or (iii) the waiver of the performance or observance by WOSC of any agreement, covenant, term or condition to be performed or observed by WOSC, or (iv) the lease, sale, transfer or conveyance of the Equipment or any interest to any party, may all or any of them be made and done without notice to, or the

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consent of, WELCO and without in any way affecting, changing or releasing WELCO from its obligations hereunder.

6. With respect to this Guaranty, WELCO represents the following:
- (i) that it is a corporation duly organized, validly existing and in good standing under Pennsylvania laws and that the execution, delivery and performance of this Guaranty has been duly authorized by all requisite corporate action and will not violate any provision of any governmental rule, regulation or ordinance, its charter or by-laws or any indenture, agreement or instrument to which it is a party; and
 - (ii) that it is not in violation of any applicable law, statute, order, rule or regulation promulgated or judgment entered by any federal, state, local or governmental authority which violations, individually or in the aggregate, would affect WELCO's guaranty of WOSC's performance of its obligations under the Contract; and
 - (iii) that it is not a party to any legal, administrative, arbitral,

investigatory or other proceeding or controversy pending, or, to the best of WELCO's knowledge, threatened, which would adversely affect WELCO's ability to guaranty of WOSC's performance of its obligations under the Contract. 7. This Guaranty shall be governed by and interpreted under the substantive laws of the State of New York, United States of America, excluding rules governing conflicts of laws. Any dispute arising under or relating to this guaranty shall be resolved according to the provisions set forth in Article 13, Dispute Resolution, of the Contract.

Very truly yours,

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DECLARATION OF EASEMENTS, COVENANTS, AND RESTRICTIONS

Declaration of Easements, Covenants, and Restrictions made as of this 28th day of June, 1989, by Northeast Energy Associates, A Limited Partnership, a Massachusetts limited partnership having its principal place of business at 350 Lincoln Street, Hingham, Massachusetts ("Grantor").

ARTICLE ONE. Recitals.

1.1 Grantor is to be the owner of an electric cogeneration facility (the "Unit"), which is to be constructed on certain premises owned by Grantor in the Town of Bellingham, Massachusetts, which premises are more particularly described in Appendix A attached hereto (the "Site"). The Unit currently is expected to produce approximately three hundred megawatts (300 MW) of electricity from two (2) gas turbines, two (2) heat recovery steam generators, and one (1) steam turbine.

1.2 Grantor has entered into certain agreements regarding the purchase and sale of the electricity to be produced by the Unit with Commonwealth Electric Company, a Massachusetts corporation ("Commonwealth"); with Boston Edison Company, a Massachusetts corporation ("Edison"); and with Montaup Electric Company, a Massachusetts corporation ("Montaup"). Commonwealth, Edison, and Montaup collectively are referred to herein as "Grantees" and each of them is referred to herein as a "Grantee."

1.21 Grantor has entered into two power sale agreements with Commonwealth, one dated as of November 26, 1986 and modified by amendments dated an of August 15, 1988 and January 1, 1989, the other dated as of August 15, 1988 and modified by an amendment dated as of January 1, 1989 (together, as amended, the "Commonwealth Agreements", copies of which are attached hereto as Appendix B). Pursuant to the Commonwealth Agreements, Commonwealth has agreed to purchase and Grantor has agreed to sell an entitlement ("Commonwealth's Share") to a portion of the electric capacity and related energy to be generated by the Unit through the later of the twenty-fifth (25th) anniversary of the In-Service Date (as such term is defined in the Commonwealth Agreements) of the Unit or December 31, 2014. Commonwealth's Share is equal to forty-six megawatts (46 MW) divided by the Net Electrical Capability (as such term is defined in the Commonwealth Agreements) of the Unit.

1.22 Grantor has entered into two power sale agreements with Edison, one dated as of April 1, 1986 and modified by amendments dated as of June 8, 1987 and June 21, 1989, the other dated as of January 28, 1988 and modified

amendment dated as of June 21, 1989 (together, as amended, the "Edison Agreements", copies of which are attached hereto as Appendix C). Pursuant to the Edison Agreements, Edison has agreed to purchase and Grantor has agreed to sell an entitlement to a portion of the electric capacity and related energy to be generated by the Unit ("Edison's Share") through, in the case of the first Edison Agreement the twenty-fifth (25th) (or, if extended, the thirtieth [30th]), and in the case of the second Edison Agreement the twentieth (20th), anniversary of the Date of Commercial Operation (as such term is defined in the Edison Agreements). Edison's Share is equal to (a) two hundred nineteen megawatts (219 MW) divided by the Net Electrical Capability (as such term is defined in the Edison Agreements) of the Unit, multiplied by (b) one hundred percent (100%) of the Capacity and Associated Energy (as defined in the Edison Agreements).

1.23 Grantor has entered into a power sale agreement with Montaup, dated as of October 17, 1986 and modified by an amendment dated as of June 28, 1989 (as amended, the "Montaup Agreement", a copy of which is attached hereto as Appendix D). Pursuant to the Montaup Agreement, Montaup has agreed to purchase and Grantor has agreed to sell an entitlement ("Montaup's Share") to a portion of the electric capacity and related energy to be generated by the Unit through the thirtieth (30th) anniversary of the Date of Commercial Operation (as such term is defined in the Montaup Agreement). Montaup's Share is equal to twenty-five megawatts (25 MW) divided by the Net Electrical Capability (as such term is defined in the Montaup Agreement) of the Unit.

1.3 In order to facilitate the financing and thereby the development and construction of the Unit, each of the Commonwealth Agreements, the Edison Agreements, and the Montaup Agreement (collectively, the "Power Sale Agreements") provides that the purchaser thereunder pay Grantor a front-loaded floor price for electric capacity and related energy produced by the Unit, such that each such purchaser and its ratepayers will receive proper consideration therefor only to the extent that each such purchaser is able to purchase its entitlement to the electric capacity and related energy from the Unit under terms and conditions identical or substantially identical to those contained in such purchaser's Power Sale Agreements for the full anticipated terms thereof.

1.4 Each of the Power Sale Agreements provides that the purchaser thereunder may at its own cost construct, install, own, operate, and maintain electrical metering equipment at the Site, in order to fulfill the purposes of this Declaration and of the Power Sale Agreements.

1.5 Each of the Commonwealth Agreements and the Edison Agreements, as it exists as of the date hereof, has been submitted to and approved by the Massachusetts

Department of Public Utilities, in accordance with the regulations of such Department. The Montaup Agreement, as it exists as of the date hereof, has been submitted to and approved by the Federal Energy Regulatory Commission, in accordance with the regulations of such Commission.

1.6 Grantor expects to derive substantial profit from the consideration received through the operation of the Unit, including, without limitation, consideration received through the sale of capacity and related energy to Grantees under the Power Sale Agreements.

1.7 Grantor and Grantees desire to ensure the ability of each of the Grantees to purchase such Grantee's Share, as described in Article 1.2 hereof, of the electric capacity and related energy produced by the Unit under terms and conditions, and at rates, identical or substantially identical to those contained in the Power Sale Agreements for a period equal to the full anticipated terms thereof, subject to the terms hereof, so as to ensure proper consideration to each Grantee for amounts paid by it under such Grantee's Agreements and to protect and preserve such Grantee's investment in any metering equipment that such Grantee might install as hereinabove described.

1.8 Accordingly, as was provided in the Power Sale Agreements as an inducement to Grantees to enter into such Power Sale Agreements, and in consideration of the foregoing as well as for other good and valuable consideration, Grantor, for itself, its successors, and assigns with respect to the Site, hereby grants to each Grantee an easement with respect to the Site as described in Article Two hereof (the "Easement") and declares that the Site and the Unit shall be held, transferred, sold, conveyed, and occupied subject to the Easement and to the covenants and restrictions hereinafter set forth.

ARTICLE TWO. Grant of Easement.

2.1 Subject to the terms, conditions, covenants, and restrictions of this Declaration Grantor does hereby grant to each Grantee a right-of-way and non-exclusive easement with respect to the Site to construct, install, maintain, repair, replace, remove, and operate in, on, over, under, across, and through the Site electrical metering equipment, as well as to enter upon the Site for purposes of inspecting the Unit at all reasonable times, all as contemplated by the terms of the Power Sale Agreements.

2.2 Grantor hereby also grants to each Grantee in connection with the Site the right of entry and passage of men and women, vehicles, and machines on, over, across, and through the walkways, roadways, and parking areas on the Site, to the extent reasonably required for the purposes of having access to the Site for performing such work as in hereinabove permitted.

2.3 Grantor hereby also grants to each Grantee the right to cut, trim, or

remove, at such Grantee's expense, any roots, trees, shrubs, brush, or other surface or subsurface obstructions on the Site, that may in the reasonable opinion of such Grantee interfere with or be likely to interfere with the operation and functioning of the electrical metering equipment present at the Site, or with the delivery of such Grantee's Share, as described in Article 1.2 hereof, of the electric capacity or related energy from the Unit.

2.4 Grantor expressly reserves the right to grant to other persons or entities easements with respect to the Site, provided that such other grants of easements do not materially interfere with the operation, maintenance, or safety of the electrical metering equipment of any Grantee, or materially affect any facilities installed by any Grantee by virtue of the rights granted hereunder. Grantor shall notify each Grantee promptly of the nature and extent of any easement granted to other parties. No Grantee shall have rights of approval hereunder so long as Grantor is in compliance with this Declaration.

2.5 Each Grantee, by accepting the rights granted to it hereunder, agrees that, in connection with the exercise of such rights, such Grantee shall be responsible for any damage occurring to the Site or the Unit that is proximately caused by such Grantee's activities, and shall promptly effect, at its own cost, such repair as is necessary to restore the Site or the Unit to substantially the condition in which it existed immediately prior to the commencement of whatever activities of such Grantee that resulted in such damage. Each Grantee shall save harmless and indemnify Grantor, its successors, and assigns, and each of the other Grantees from and against any and all claims, actions, damages, expenses, losses, settlements, or liabilities incurred by such Grantee, its property, its employees, its agents, its contractors, or the public that may at any time occur or arise out of the actions of such Grantee, its agents, its contractors, or its employees. Each Grantee shall protect from damage all then-existing improvements to the Site. Each Grantee shall use its best reasonable efforts to avoid interference with the work of, and the use and occupancy of the Site by, Grantor and its agents, its employees, and its contractors.

2.6 Nothing contained herein shall be construed so as to prohibit Grantor from having the right fully to use and enjoy the Site, including without limitation means of ingress and egress, which right of use and enjoyment shall not be interrupted by any

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Grantee except to the extent that such interruption might be necessary to allow such Grantee to exercise the rights granted to it herein. Grantor may close off certain easement rights granted to any Grantee for repair so long as Grantor provides such Grantee with alternate access or easement rights acceptable to such Grantee.

2.7 Subject to the termination provisions set forth in Article Four hereof, the Easement granted hereunder to and for the benefit of each Grantee, its successors, and its assigns, shall at all times be deemed to be a benefit with respect to and burden upon the Site, intended to run with the Site and the title

thereto, and shall be binding upon Grantor, its Successors, its assigns, and all parties claiming by, through, or under any of them, and shall inure to the benefit of each Grantee, its successors, its assigns, and all parties claiming by, through, or under any of them.

ARTICLE THREE. Declaration of Covenants and Restrictions

3.1 Grantor hereby declares that the Site and the Unit shall be subject to the following restrictions for the benefit of each Grantee, its successors, and its assigns:

3.11 No electricity produced at the Site shall be sold unless and until each Grantee is tendered such Grantee's Share of such electricity, as described in Article 1.2 hereof, excepting only the tendering and sale to the several Grantees as herein provided.

3.12 No production of steam at the Site shall materially adversely affect the production of electricity by the Unit, except as contemplated in Grantor's Lease Agreement with NECO-Bellingham, Inc., dated as of June 28, 1989, without the prior written consent of each Grantee.

3.13 The Unit shall not be operated in any manner that is inconsistent with the manner of operation, maintenance, and insurance of the Unit contemplated by the Power Sale Agreements.

3.14 Each Grantee has certain rights regarding any electricity produced at the Site, and no such electricity shall be offered for sale except in accordance with the terms of the Power Sale Agreements. If any of such Power Sale Agreements previously has been terminated such electricity shall be offered for sale to the original purchaser thereof only under terms and at rates substantially identical to those contained in such terminated Power Sale Agreements, with only such modifications, other than price, as may be required by

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changed circumstances resulting from third-party actions (including, for example, changes in laws, regulations, or NEPOOL requirements or procedures).

3.2 Grantor hereby covenants for the benefit of each Grantee, its successors, and its assigns that if at any time during the term of this Declaration, as specified in Article Four hereof, any of the Power Sale Agreements terminates for any reason other than the expiration of its full anticipated term or the default of the Grantee that is the purchaser under such Power Sale Agreement, or if any of the Power Sale Agreements is no longer in effect, Grantor, its successors, and its assigns (subject in the case of the signatories to the Accommodation Agreement, attached hereto as Appendix E, to the provisions

thereof) shall, within thirty (30) days of the date of such termination or of such cessation of being in effect, offer to enter into an agreement with such Grantee for the sale of electricity from the Unit under terms and at rates substantially the same as those contained in such terminated or no-longer-in-effect Power Sale Agreement, with only such modifications, other than price, as may be required by changed circumstances resulting from third-party actions (including, for example, changes in laws, regulations, or NEPOOL requirements or procedures), and shall enter into such an agreement if such Grantee accepts such offer.

3.3 Each Grantee, by accepting the benefits of the covenants and restrictions declared hereunder, agrees that at the written request of any successor to or assignee of the interests of Grantor in and to the Unit and the Site, pursuant to Article 3.2, such Grantee shall within thirty (30) days enter into an agreement with such successor or assignee under terms and at rates substantially the same as those contained in such Grantee's Agreements, with only such modifications, other than price, as may be required by changed circumstances resulting from third-party actions (including, for example, changes in laws, regulations, or NEPOOL requirements or procedures).

3.4 In the event of any subdivision of the Site into parcels, the foregoing restrictions and covenants shall not apply to any such parcel that neither contains the Unit (or any appurtenance thereto) nor is necessary for the efficient operation of the Unit for its intended purposes; provided that the elimination of such parcel from the Site subject to this Declaration must not substantially diminish the value of this Declaration as a means of ensuring the right of each Grantee to purchase such Grantee's Share of capacity and related energy under terms and at rates identical or substantially identical to those contained in such Grantee's Agreements, as described in Article 1.2 hereof, for the full anticipated term thereof.

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3.5 Subject to the termination provisions set forth in Article Four hereof, the covenants and restrictions declared hereunder for the benefit of each Grantee, its successors, and its assigns shall at all times be deemed to be continuing covenants and restrictions that shall be deemed to be a benefit with respect to and burden upon the Site, intended to run with the Site and the title thereto, and shall be binding upon the Grantor, its successors, its assigns, and all parties claiming by, through, or under any of them, and shall inure to the benefit of each Grantee, its successors, its assigns, and all parties claiming by, through, or under any of them.

ARTICLE FOUR. Termination.

4.1 With respect to any individual Grantee, this Declaration shall become void on the first to occur of the following: (a) the date of expiration of the full anticipated term of such Grantee's Agreements; (b) the failure of such Grantee

to remedy a material default of such Grantee after thirty (30) days written notice by Grantor (or such longer period as is reasonably necessary to effect such remedy), provided that an arbitrator or court of competent jurisdiction has found that such Grantee is in material default, and that by reason of such default Grantor is warranted in initiating such process of termination; (c) the date that this Declaration is terminated with the written consent of Grantor and such Grantee; or (d) failure by such Grantee after thirty (30) days prior written notice to perform its obligation under Article 3.3 hereof.

Notwithstanding the foregoing, in the event that Grantor has terminated any Grantee's Agreements, as described in Article 1.2 hereof, by reason of the breach thereof by such Grantee, and Grantor tenders the subject energy and capacity to such Grantee under this Declaration upon the same terms as would apply under such terminated Grantee's Agreements, and despite such tender such Grantee fails to take and pay for such energy and capacity as contemplated under such terms, then Grantor shall be free, notwithstanding this Declaration, to sell the subject energy and capacity to a third party during the pendency of such period of non-performance by such Grantee. Upon this Declaration becoming void with respect to such Grantee, Grantor and such Grantee hereby agree to execute and deliver appropriate instruments of release from and discharge of the terms hereof, to be filed with the Norfolk County Registry of Deeds (the "Registry").

4.2 This Declaration shall terminate on the date that it becomes void with respect to each and every one of the individual Grantees pursuant to Article 4.1 hereof.

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ARTICLE FIVE. Miscellaneous Provisions.

5.1 Each and every contract, deed, deed of trust, mortgage, or other instrument covering or conveying the Unit, the Site, or any portion thereof, that is executed after this Declaration is filed with the Registry and before this Declaration terminates, shall conclusively be held to have been executed, delivered, and accepted subject to the covenants and restrictions set forth herein, regardless of whether such covenants and restrictions are set forth in such contract, deed, or other instrument. Grantor agrees to advise any prospective transferee of the Site, the Unit, or any interest therein, in any sale or other disposition (including a foreclosure sale or other disposition in the exercise of remedies under any mortgage or other security interest), that this Declaration is of record and that any such transfer will be subject to this Declaration.

5.2 Grantor and each Grantee hereby declare their understanding and intent that the burdens of the covenants and restrictions set forth herein touch and concern the Unit and the Site-in that Grantor's interest in the Unit and the Site in rendered less valuable thereby. Grantor and each Grantee hereby further declare their understanding and intent that the benefits of such covenants and restrictions touch and concern the Unit and the Site by enhancing and increasing

the likelihood each Grantee and its ratepayers, the intended beneficiaries of such covenants and restrictions, will be able to purchase such Grantee's Share of the electric capacity and related energy from the Unit under terms and at rates identical or substantially identical to those contained in the Power Sale Agreements for the full anticipated term thereof.

5.3 If Grantor defaults in the performance or observation of any covenant or restriction set forth in this Declaration, and if such default remains uncured for a period of forty-five (45) days after written notice thereof is given by any Grantee to Grantor, then such Grantee may declare a default to have occurred hereunder, and, at its option, may take any one or more of the following steps, after providing ten (10) days written notice to the other Grantees of its intentions:

5.31 By mandamus or other suit, action, or proceeding at law, including suit for injunctive relief, require Grantor to perform its covenants hereunder or enjoin any acts or omissions that may be unlawful or in violation of the restrictions set forth herein or of the rights of such Grantee hereunder.

5.32 Have access to and inspect, examine, and make copies of all the books and records of Grantor pertaining to the Site or the Unit.

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5.33 Take such other actions at law or in equity as may appear necessary or desirable to enforce the restrictions upon and covenants of Grantor hereunder.

5.4 Grantor shall cause this Declaration and any amendments or supplements hereto to be duly filed with the Registry. Grantor shall pay all fees and charges incurred in connection with any such filing.

5.5 This Declaration shall be governed by the laws of the Commonwealth of Massachusetts.

5.6 This Declaration shall be amended only by a written instrument executed by all the parties hereto or their successors in title, which amendment shall be duly filed with the Registry in accordance with Article 5.4 hereof.

5.7 Any notice required to be given hereunder shall be given by certified or registered mail, postage prepaid, return receipt requested, or by hand or personal delivery, at the addresses specified below, or at such other addresses as may be specified in writing by the party in question:

To Grantor: Northeast Energy Associates, A Limited
Partnership
Intercontinental Energy Corporation
350 Lincoln Street, Suite 111
Hingham, Massachusetts 02043

Attention: President

To Grantees: Commonwealth Electric Company
2421 Cranberry Highway
Wareham, Massachusetts 02571
Attention: President

(with a copy to Michael F. Donlan, Esq.
Rich, May, Bilodeau & Flaherty, P.C.
294 Washington Street
Boston, Massachusetts 02108)

Boston Edison Company.
800 Boylston Street
Boston, Massachusetts 02199
Attention: Division Head -- Municipal
and Customer Generation

Montaup Electric Company
75 West Center Street
Post Office Box 543
West Bridgewater, Massachusetts 02379

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(with a copy to Post Office Box 2333
Liberty Square
Boston, Massachusetts 02107)

Notices given hereunder shall be deemed to have been given upon receipt or any refusal to accept.

5.8 All of the rights, benefits, duties, liabilities, and obligations of Grantor and each of the Grantees hereunder shall inure to the benefit of and be binding upon their respective successors and assigns.

5.9 This Declaration shall be interpreted in light of the express intent of Grantor hereunder to grant the easement and impose upon the Site and the Unit the burden of the covenants and restrictions set forth herein for the benefit of each of the Grantees. In the event that any of the provisions, portions, or applications of this Declaration are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, portions, or applications thereof shall not be affected thereby.

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In witness whereof, Grantor and each of the Grantees has caused this Declaration to be executed as a sealed instrument as of the date first above written.

NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP, Grantor,
By INTERCONTINENTAL ENERGY CORPORATION, Its General Partner,

By _____,
Its _____.

COMMONWEALTH ELECTRIC COMPANY, Grantee,

By _____,
Its _____.

BOSTON EDISON COMPANY, Grantee,

By _____,
Its _____.

MONTAUP ELECTRIC COMPANY, Grantee,

By _____,
Its _____.

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THE COMMONWEALTH OF MASSACHUSETTS)
) ss.:
THE COUNTY OF _____)

Personally appeared before me _____,

_____ of Boston Edison Company, to me known as being
thereunto duly authorized, and acknowledged the same to be the free act and deed
of said Boston Edison Company.

Notary Public

Dated: _____, 1989

My Commission Expires _____

THE COMMONWEALTH OF MASSACHUSETTS)
) ss. :
THE COUNTY OF _____)

Personally appeared before me _____, of Montaup
Electric Company, to me known as being thereunto duly authorized, and

acknowledged the same to be the free act and deed of said Montaup

Electric Company.

Notary Public

Dated: _____, 1989

My Commission Expires _____

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THE COMMONWEALTH OF MASSACHUSETTS)
) ss.:
THE COUNTY OF _____)

Personally appeared before me _____,
_____ of Intercontinental Energy Corporation, general partner of
Northeast Energy Associates, A Limited Partnership, a Signer and Sealer of the
foregoing Instrument, to me known as being thereunto duly authorized, and
acknowledged the same to be the free act and deed of Intercontinental Energy
Corporation, acting as general partner of Northeast Energy Associates, A Limited
Partnership, and the free act and deed of said Northeast Energy Associates, A
Limited Partnership.

Notary Public

Dated: _____, 1989

My Commission Expires _____

THE COMMONWEALTH OF MASSACHUSETTS)
) ss.:
THE COUNTY OF _____)

Personally appeared before me _____,
_____ of Commonwealth Electric Company, to me known as being thereunto
duly authorized, and acknowledged the same to be the free act and deed of said
Commonwealth Electric Company.

Notary Public

Dated: _____, 1989

My Commission Expires _____

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APPENDIX A

DESCRIPTION FOR DECLARATION

The land in Bellingham, Norfolk County, Massachusetts, situated on the southwesterly side of Depot Street and bounded and described as follows:

- NORTHEASTERLY by Depot Street, by four lines, 62.66 feet, 229.57 feet, 109.12 feet and 299.96 feet;
- SOUTHERLY by lands now or formerly of Patton, Pearson, Alward, Doriott, Chappell and Lorusso, 620.55 feet;
- SOUTHEASTERLY and SOUTHERLY by land of Winiker Realty Trust, by two lines, 325.43 feet and 11.70 feet;
- SOUTHEASTERLY by land of Winiker Realty Trust, by the northeasterly end of a "way" shown on a plan entitled "Plan of Land in Bellingham, Massachusetts Surveyed for Intercontinental Energy Associates," dated January 6, 1988, revised March 7, 1989, to be recorded as Plan No. 596 of 1989, Book 382 (the "Winiker Plan"), and by land of Margaret A. and Helen C. Maher and by Leonard and Roberta Kritz, 835.58 feet;
- EASTERLY by land of Joseph and Rita Bogan, by land of William R. and Janet L. Reardon, by land of Paul R. Manton and Victoria A. McBride and by land of Theodore and Frances Seethaler, 513.47 feet;
- SOUTHERLY by land of William F. and Maureen McLaughlin, 214.42 feet;
- SOUTHWESTERLY and WESTERLY by land of William P. Coniaris, by land of Eleni S. Coniaris, by land of Winiker Realty Trust and by land of The Prestwich Corporation by several lines measuring together, 1533.10 feet;
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- NORTHWESTERLY,
WESTERLY,
SOUTHERLY and
WESTERLY by land of The Prestwich Corporation and by Box Pond by four lines measuring respectively, 186.32 feet, 74.86 feet, 247.00 feet, more or less, and 600.00 feet, more or less;
- WESTERLY By Box Pond, 390 feet, more or less (of which 220 feet more or less, is frontage on Box Pond of land now or formerly of Ronald Mailly);

NORTHERLY and
NORTHWESTERLY by land of The Prestwich Corporation by four lines measuring
respectively, 156.00 feet, more or less, 56.25 feet, 158.75
feet and 60.00 feet, more or less;

NORTHEASTERLY
and NORTHERLY by the Charles River, 235.00 feet, more or less, and 315.00
feet, more or less;

NORTHEASTERLY,
NORTHWESTERLY
and
NORTHEASTERLY by Depot Street by four lines measuring respectively, 134.00
feet, more or less, 40.00 feet, 25.00 feet, and 122.22 feet;

SOUTHEASTERLY by a "road" with a 50 feet right of way as shown on a plan
entitled "Northeast Energy Associates Combined Cycle
Cogeneration Facility, Bellingham, Massachusetts, Definitive
Plan, Bellingham Cogeneration Subdivision," last revised
June 8, 1989, recorded with Norfolk Registry of Deeds as
Plan No. 623 of 1989, Book 382 (the "Subdivision Plan"),
107.98 feet;

WESTERLY and
SOUTHWESTERLY by two lines, 62.92 feet and 241.42 feet,

SOUTHEASTERLY 240.00 feet,

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EASTERLY
NORTHEASTERLY
NORTHERLY
NORTHEASTERLY
EASTERLY and
NORTHEASTERLY by six lines, 56.57 feet, 87.00 feet, 55.15 feet, 55.00
feet, 48.08 feet, and 45.00 feet, all by Lot 2 as shown on
the Subdivision Plan; and

SOUTHEASTERLY 50 feet,

NORTHEASTERLY 50 feet, and

NORTHWESTERLY 389.33 feet, all by the "road" as shown on the Subdivision
Plan.

Said Lot I containing 50.73 acres, more or less, and consisting of Lot I as
shown on the Subdivision Plan, land of Ronald Maily as shown on the Winiker
Plan and land shown as Lot 40A on a plan entitled "Plan of Land in Bellingham,
Massachusetts Surveyed for Intercontinental Energy Corporation," dated July 10,

1988, and recorded as Plan No. 620 of 1989, Book 382.

Lot II

The land in Bellingham, Norfolk County, Massachusetts, situated on the northeasterly side of Depot Street and shown as Lot 2 on the Winiker Plan, bounded and described according to the Winiker Plan as follows:

SOUTHWESTERLY by Depot Street, by three lines measuring respectively, 46.47 feet, 197.87 feet and 155.00 feet, more or less;

NORTHWESTERLY by the Charles River, 360.00 feet, more or less; and

SOUTHEASTERLY

and EASTERLY by land of Consolidated Rail Corporation, 75.00 feet, more or less, and 393.50 feet.

Containing, according to the Winiker Plan, 1.37 acres, more or less.

For Grantor's title see the following deeds to Grantor: 1) deed of Samuel Winiker and Muriel Shpilner as Trustees of Winiker Realty Trust u/d/t dated February 1, 1982, recorded with Norfolk Registry of Deeds in Book 5976, Page 216, said deed recorded on June 30, 1989 as Instrument No. 53033; 2) deed of Vincent R. Thayer, individually and as Executor under the Will of Ruel S. Thayer (Norfolk Probate Case No. 174266); Jeanne E. Kampton and

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Howard E. Thayer, individually and as Executors under the Will of Hilda M. Thayer (Norfolk Probate Case No. 85P249E1); Donald R. Thayer and Lorraine F. Duncan, said deed recorded on June 30, 1989 as Instrument No. 53034; and 3), deed of Ronald R. Mailly and Carolina A. Mailly, recorded on June 26, 1989 as Instrument No. 50886.

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APPENDIX B

COMMONWEALTH AGREEMENTS

1. Power Sale Agreement between Northeast Energy Associates, ("NEA") and Commonwealth Electric Company ("Commonwealth"), dated as of November 26, 1986 and modified by amendments dated as of August 15, 1988 and January 1, 1989.
2. Power Sale Agreement between NEA and Commonwealth dated as August 15, 1988 and modified by an amendment dated as of January 1, 1989.

APPENDIX C

EDISON AGREEMENTS

1. Power Purchase Agreement between Northeast Energy Associates, A Limited Partnership ("NEA") and Boston Edison Company ("Edison"), dated as of April 1, 19986 and modified by amendments dated as of June 8, 1987 and June 20, 1989.
2. Power Purchase Agreement between NEA and Edison, dated January 28, 1988 and modified by an amendment dated as of June 20, 1989.

APPENDIX D

MONTAUP AGREEMENT

1. Power Purchase Agreement between NEA and Montaup Electric Company, dated October 17, 1986 and modified by an amendment dated as of June 28, 1989.

APPENDIX E

ACCOMMODATION AGREEMENT

1. Accommodation Agreement, dated as of June 28, 1989 among NEA, Commonwealth Electric Company, Edison, Montaup, and The Chase Manhattan Bank (National Association) as Agent for the lenders that are parties to the Credit Agreement.

- co. Declaration of Easements, Covenants and Restrictions made as of June 28, 1989 by NEA in favor of Commonwealth, BECO and Montaup.

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