



RENEWAL ANNUAL INFORMATION FORM

March 27, 2007

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CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This Annual Information Form and the material incorporated by reference may contain forward-looking statements concerning the Great Lakes Hydro Income Fund (“Fund”) business and operations. Forward looking statements can be identified by the use of words, such as “plans”, “expects”, or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward looking statements involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward statements. More details relating to risk factors can be found in the section entitled Risk Factors on page 20.

Examples of such statements include, but are not limited to, factors relating to production and the business, financial position, operations and prospects for the Fund. They include (1) the Fund’s level of generation; (2) the Fund’s cost of production; (3) interest rates as they bear on the Fund’s indebtedness; (4) planned capital expenditures; (5) the impact of changes in the Canadian dollar – U.S. dollar on the Fund’s costs and results of operations; (6) the negotiation of collective agreements with its unionized employees; (7) business and economic conditions; (8) the legislation governing air emissions, discharges into water, waste, hazardous materials and workers’ health and safety as well as the impact of future legislation and regulations on taxation, expenses, capital expenditures and restrictions on operations; (9) regulatory investigations, claims, lawsuits and other proceedings; and (10) reliance on the guaranteed price for electricity by Brookfield Power Inc. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied in the forward-looking statements contained herein, and as such, you are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements represent our views as of the date of this document. While the Fund anticipates that subsequent events and developments may cause the Fund’s views to change, the Fund disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the Fund’s views as of any date subsequent to the date of this Annual Information Form.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

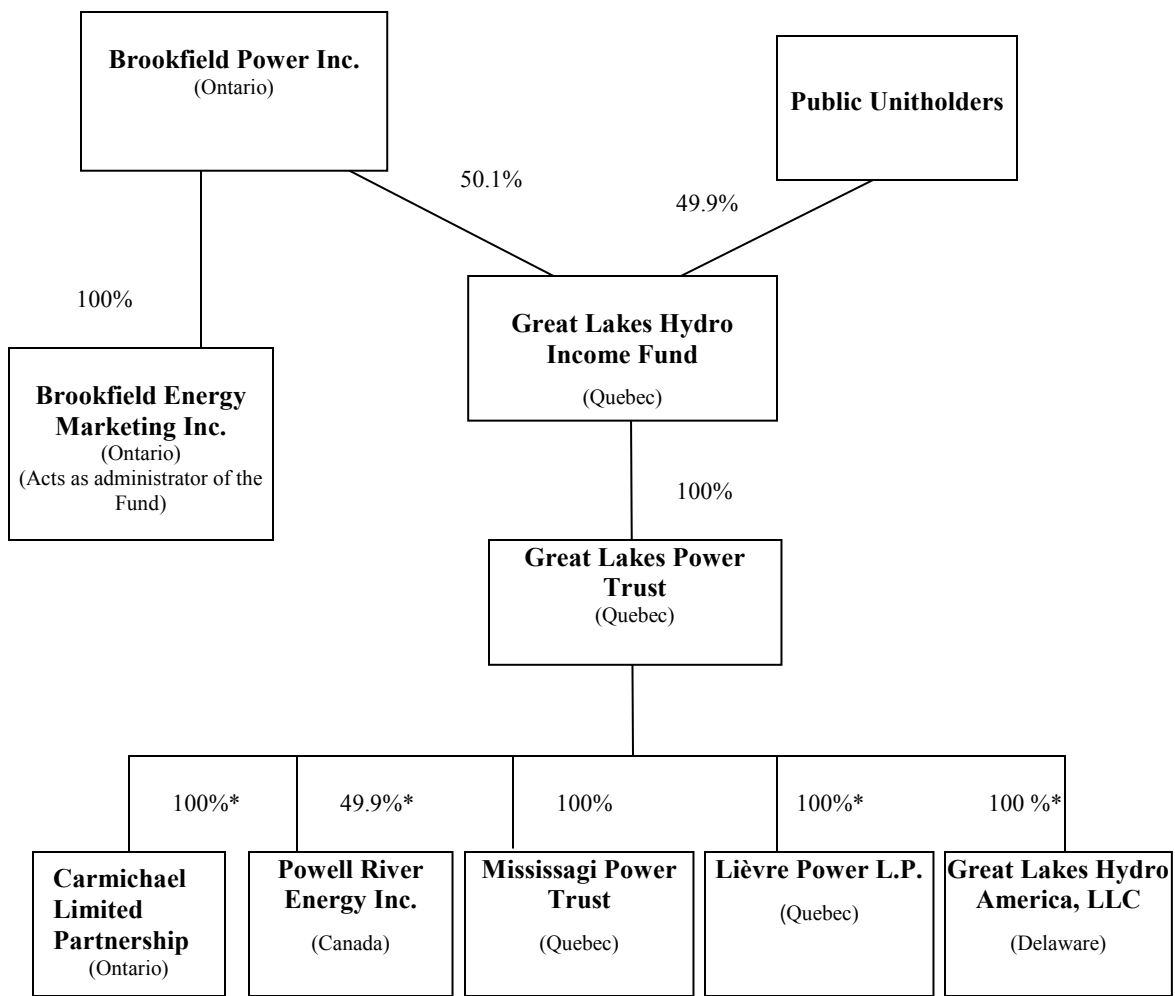
Great Lakes Hydro Income Fund (the “Fund”) was established under the laws of the Province of Quebec pursuant to a Trust Indenture (“Trust Indenture”) dated September 14, 1999 and restated October 27, 1999, as amended from time to time, as an unincorporated open-ended trust.

The Fund and its subsidiaries own and operate power generating facilities in Canada and the United States. The Fund is a publicly traded reporting issuer on the Toronto Stock Exchange under the stock symbol GLH.UN. Its corporate office is located at 480 de la Cité Boulevard, in the city of Gatineau, in the province of Quebec, J8T 8R3.

Please see page 41 for certain definitions of terms used in this Annual Information Form relating the business.

INTERCORPORATE RELATIONSHIPS

The following chart illustrates the primary ownership, structural relationships among the Fund, Great Lakes Power Trust, Brookfield Power Inc. (formerly Brascan Power Inc.) and Brookfield Energy Marketing Inc. (formerly Brascan Energy Marketing Inc.), as at March 27, 2007:



* indirect ownership

GENERAL DEVELOPMENT OF THE BUSINESS

THREE YEAR HISTORY

2004

In May and September 2004, the Fund refinanced US\$110 million and US\$15 million, respectively, with senior secured notes issuance by way of a private placement in the U.S. The notes were secured by the Great Lakes Hydro America assets, which comprise 15 hydroelectric stations in New England.

2005

On April 27, 2005 the Fund completed a non-revolving senior secured credit bridge facility of \$125 million. Proceeds of the offering were used to repay the Great Lakes Power Trust (“GLPT”) Series 1 first mortgage bonds and to redeem the GLPT Series 2 and 3 first mortgage bonds. Additionally, the proceeds were used to repay the Great Lakes Hydro America bridge facility.

On October 6, 2005, GLPT transferred ownership of all its hydroelectric power assets located along the Lièvre River in Québec to a wholly-owned subsidiary Lièvre Power L.P. Through a wholly-owned subsidiary, GLPT issued Senior Secured Bonds in the aggregate amount of \$225 million due October 6, 2025. The bulk of the net proceeds of this offering were loaned to Lièvre Power L.P. to repay the above mentioned \$125 million non-revolving senior secured credit bridge facility. The remaining proceeds partially funded the Carmichael Falls acquisition and supported the Fund’s 20 year capital expenditure plan.

2006

Effective July 1, 2006, the Fund acquired the Carmichael Falls Generating Station from a wholly-owned subsidiary of Brookfield Power Inc. for a purchase price of \$56.3 million. In conjunction with the acquisition of Carmichael Limited Partnership, Brookfield Power Inc. and the Fund entered into a new management, operations and maintenance agreement for Carmichael Limited Partnership with annual fees equal to 1% of the purchase price, with no annual escalators.

On November 3, 2006, the Fund completed a term loan facility in the amount of \$32 million maturing in November 2011 and bearing interest at a rate of 4.753% with interest and principal payable quarterly commencing in February 2007. An amount of \$12 million will be due at the maturity of the facility. The term loan is secured by the Carmichael Falls assets and will be used to support the Fund’s capital expenditure plan.

DESCRIPTION OF THE BUSINESS

General

The Fund and its subsidiaries own and operate power generating facilities in Canada and the United States. As at December 31, 2006, the Fund had 48,276,476 Trust Units outstanding. The Fund's market capitalization based on the exchange-trading price of \$19.20 per unit on the close of December 31, 2006 exceeded \$925 million. As at March 27, 2007 the Fund employed directly and indirectly through its manager approximately 120 people on a full-time basis.

As described in more detail in the section below entitled "Economic Dependence – Major Agreements" the Fund sells its power under long-term power purchase agreements to either industrial users, public utilities or the Fund's sponsor, Brookfield Power (either directly or through its subsidiaries). All contracts with industrial users and subsidiary of Brookfield Power are guaranteed by Brookfield Power to mitigate credit risk. The following is a summary of the long-term power purchase agreement contracts, with the price as of December 31, 2006:

Assets	Counterparty/ Guarantor	Remaining Years	Price (¢/KWh)
Québec	Brookfield Power	13	3.7
Ontario	Brookfield Power	16	5.9
	Ontario Electricity Financial Corporation	35	10.7
British Columbia	Brookfield Power	15	3.6
New England	Brookfield Power	17	4.1
	Central Maine Power	3	14.7
	Public Service of New Hampshire	17	19.1
Weighted average		15	4.5

Operating Characteristics

The following table sets forth the Fund's operating statistics:

Location	Number of Rivers	Generating Stations	Generating Units	Installed Capacity (MW)	Annual Long- term Average (GWh)
Québec	1	4	12	249	1,492
Ontario	2	5	10	508	836
British Columbia	2	2	7	82	523
New England	3	15	57	176	1,023
Total	8	26	86	1,015	3,874

Generation

The following are the generation statistics for each of the business unit operations for the years ended December 31, 2005 and 2006:

Years ended December 31 <i>Gigawatt hours</i>	2006	2005	Annual Long-term Average
Québec	1,850	1,327	1,492
Ontario	606	492	⁽¹⁾ 792
British Columbia	549	560	523
New England	1,146	1,124	1,023
	4,151	3,503	3,830

⁽¹⁾ The acquisition of Carmichael, in July 2006, added 42 GWh to the 2006 LTA. Carmichael will add 86 GWh on an annual basis.

Revenues

The following are the revenues for each of the business unit operations for the years ended December 31, 2005 and 2006:

Years ended December 31 <i>millions</i>	2006	2005
Québec	\$ 68.5	\$ 50.0
Ontario	36.8	29.8
British Columbia	19.7	20.0
New England	52.1	54.7
	\$ 177.1	\$ 154.5

Additional information on the Fund's financial performance is available in its annual report, which can be accessed at www.sedar.com.

INDIVIDUAL OPERATIONS

The following is a description of the various business unit operations of the Fund:

Québec - Lièvre Power

Lièvre Power L.P., owns four generating stations comprising a total of 12 generating units with a total installed capacity of 249 MW, located on the Lièvre River in Québec. The system's watershed area covers approximately 9,560 km² and produces approximately 1,492 GWh of energy annually, on average.

Water for these facilities is stored primarily in three reservoirs located upriver on the Lièvre River and on two of its tributaries: Poisson Blanc, on the Lièvre River, Kiamika, on the Kiamika River, and Mitchinamecus, on the Mitchinamecus River. These three reservoirs are owned and operated by the Government of Québec and represent aggregate usable water storage of 15,431 m³/s*d.

The power system also includes five substations and approximately 50 km of 120 kV transmission lines with four interconnections with the Québec power grid and two interconnections across the Ottawa River with the Ontario power grid.

A substantial portion of the power produced by the system is sold to a newsprint mill located in Gatineau, Québec under a power purchase agreement expiring in 2008. The remaining power is sold to a wholly-owned subsidiary of Brookfield Power through the Power Agency and Guarantee Agreement which expires in 2019, which resells the power through its trading and marketing activities. The power produced from the Rapides des Cèdres facility is sold to Hydro Québec. More details are provided in the section below entitled “Economic Dependence – Major Agreements”.

Ontario

Mississagi Power

Mississagi Power Trust owns four hydroelectric generating stations built between 1950 and 1970 on the Mississagi River, having a combined installed capacity of 488 MW, and four water storage dams on Rocky Island Lake. The total drainage area of the watershed totals over 9,000 km². The system produces on average approximately 750 GWh annually, net of system losses. Each generating station is interconnected with the Ontario power grid.

The system encompasses a storage capacity of 6,700 m³/s*d.

Rocky Island Lake is the primary storage reservoir of the Mississagi Power system and is located in the upper portion of the watershed. The dams on Rocky Island Lake were built in 1949 to provide additional storage for the original Rayner development. Today, they provide storage for all of the hydroelectric facilities located along the Mississagi River.

Water storage capacity at Rocky Island Lake totals 4,560 m³/s*d. Storage capacity is also provided at Aubrey Falls (706 m³/s*d), Wells and Rayner (1,180 m³/s*d) and Red Rock Falls (255 m³/s*d). Waterpower leases with the Ontario Ministry of Natural Resources are in place for each generating station. Each lease has a term of 99 years that will expire between 2046 and 2066.

All power produced by the Mississagi Power system is sold to a wholly-owned subsidiary of Brookfield Power. More details are provided in the section below entitled “Economic Dependence – Major Agreements”.

Carmichael Falls

Carmichael Limited Partnership owns one hydroelectric generating station built in 1992 on the Groundhog River, in the district of Cochrane, in Northern Ontario. The station has two – 10 megawatt units with an installed capacity of 20 MW and supplies on average 86 GWh of energy annually, net of system losses to Ontario Electricity Financial Corporation (“OEFEC”). The drainage area of the watershed totals over 1280 km². The generating station is interconnected with the Ontario power grid.

The power purchase agreement is a take-or-pay 50 year contract with the OEFEC that is subject to renewal on an annual basis starting in 2042. Carmichael must sell exclusively all of its power to the OEFEC, with no minimum or maximum delivery commitment. More details are provided in the section below entitled “Economic Dependence – Major Agreements”.

British Columbia - Powell River Energy

The Powell River Energy system was built to supply the power needs of the pulp and paper facilities located in the town of Powell River on the west coast of the British Columbia mainland, approximately 160 km north of Vancouver. The power system’s production base comprises of two power generating stations with a total of seven generating units for a total installed capacity of 82 MW producing in excess of 520 GWh on an average annual basis.

The Powell River generating station comprises three powerhouses containing five generating units located in the town of Powell River. The Lois generating station consists of one powerhouse containing two units located 16 km south of the Powell River facilities. Water for the facilities is stored in two large lakes created by the dams of the two facilities. Powell Lake is approximately 42 km in length. Lois Lake, together with three interconnected lakes, is approximately 16 km in length. These lakes have total usable water storage of 12,241 m³/s*d. The system is interconnected to the British Columbia power grid and includes 20 km of transmission lines, which deliver power from the Lois Lake facilities to Powell River.

All electricity generated by PREI is sold to Catalyst Paper Corporation (formerly known as Norske Skog Canada Limited) (“Catalyst”), the 50.1% owner of PREI, pursuant to a power purchase agreement or to Powell River Energy Limited Partnership (“PREP”), an affiliate of PREI. Catalyst must purchase all the energy delivered on a first priority basis before purchasing or otherwise receiving any other energy for its pulp and paper mill in Powell River. More details are provided in the section below entitled “Economic Dependence – Major Agreements”.

New England – Maine and New Hampshire

Maine

GLHA owns directly six hydroelectric generating stations located on the Penobscot River in northern Maine with an installed capacity of 127 MW. Together, these facilities generate on average 751 GWh annually. The system is interconnected to the New England power grid via a 130 MW line.

GLHA also owns, indirectly through Brassua Hydroelectric Limited Partnership, one generating facility on the Moose River in Maine. The facility has an installed capacity of 4 MW and generates on average 17 GWh per year.

GLHA owns a series of reservoirs, which are used to store water and regulate the water flows on the Penobscot River. Five reservoirs (Canada Falls, Seboomook, Caucomgomoc, Ragged Lake, and Ripogenous) are located on the upper west branch and two other reservoirs are located on the lower west branch (North Twin and Millinocket Lake). Total storage capacity of these reservoirs is approximately 411 GWh (9,210 m³/s*d).

All power produced by the facilities located on the Penobscot River is sold to a wholly-owned subsidiary of Brookfield Power and all power produced by Brassua is sold under contract to Central Maine Power

Company. More details are provided in the section below entitled “Economic Dependence – Major Agreements”.

New Hampshire

GLHA also owns directly or indirectly eight hydroelectric generating stations built between 1914 and 1988 on the Androscoggin River near Berlin, New Hampshire, having a combined installed capacity of 45 MW, generating approximately 255 GWh annually.

The Androscoggin River flows over a distance of 322 km from the Rangeley Lakes region in Western Maine to the Atlantic Ocean at Brunswick, Maine, with a short excursion through the state of New Hampshire. It covers a total drainage area of 8,884 km². The Androscoggin River flow is well regulated by a system of reservoirs located at the two head watersheds: Aziscohos Lake watershed and East watershed. The Aziscohos Lake watershed area is controlled by the Androscoggin Reservoir Company (“ARCo”), which is owned by the major water users on the Androscoggin River. The East watershed area, formed by the Kennebago, Rangeley, Mooselookmeguntic, Upper and Lower Richardson lakes, is controlled by Florida Power Ltd.

All power produced by GLHA and its subsidiaries in New Hampshire, except for generation of Errol facility, is sold to a wholly-owned subsidiary of Brookfield Power. Generation from the Errol facility is sold to Public Service of New Hampshire. More details are provided in the section below entitled “Economic Dependence – Major Agreements”.

ECONOMIC DEPENDENCE – MAJOR AGREEMENTS

The following section contains all significant agreements entered into by the Fund upon which the Fund’s business is substantially dependent.

Great Lakes Hydro Income Fund and Great Lakes Power Trust

Administration Agreement

On September 14, 1999, the Fund and BEMI entered into an Administration Agreement. Under this Administration Agreement, BEMI provides certain administrative and support services to the Fund and all costs relating thereto will be for the account of the Fund, including those necessary to: (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to unitholders all information to which unitholders are entitled under the Trust Agreement including relevant information with respect to income taxes; (iv) call, hold and distribute materials, including notices of meetings and information circulars in respect of all meetings of unitholders; (v) provide for the calculation of distributions to unitholders of Distributable Cash; (vi) attend to all administrative and other matters arising in connection with any redemptions of Trust Units; and (vii) ensure compliance with the Fund’s limitations on non-resident ownership. The Agreement may be terminated by either party in the event of the insolvency or receivership of the other party or in the case of default by the other party in a material obligation under the Administration Agreement which is not remedied within 60 days after notice thereof has been delivered to such other party. BEMI does not receive any fee for the provision of the services.

Administration Management Agreement

Pursuant to an Administration and Management Agreement entered into on October 6, 2005 by BEMI and GLPT (the “AMA”), BEMI performs management services for GLPT including: (i) reporting to the trustees of GLPT; (ii) accounting and financial services (which include coordination and management of the accounting, cash management, treasury, and other systems); (iii) preparing financial statements and other financial reports; and (iv) preparing annual plans and budgets. All costs and expenses incurred by BEMI

on behalf of GLPT in relation to the management of GLPT are reimbursed to BEMI by GLPT. Other than the reimbursement of costs, BEMI does not receive a direct fee for the provision of these services. The AMA may be terminated only upon the occurrence of a limited number of events. A party may terminate if the other party (i) has failed to pay an amount when due and such failure has not been remedied within 15 days, (ii) has breached or failed to observe or perform any of its material obligations under the agreement and such breach or failure is not remedied within 45 days of notice thereof from the other party, or (iii) is insolvent, bankrupt, liquidated, wound up, or otherwise acknowledges its insolvency.

Lièvre Power L.P.

O&M Agreement

On September 30, 1999, GLPT entered into the Management, Operations, and Maintenance Agreement (the "O&M Agreement") with BEMI. As part of the October 6, 2005 transfer of hydroelectric assets from GLPT to its indirect wholly-owned subsidiary Lièvre Power L.P., the O&M Agreement was assigned from GLPT to Lièvre Power L.P. and from BEMI to its sister company Brookfield Power Services Inc. ("BPSI") (excepting the management services which were incorporated in the AMA described above). Pursuant to the O&M Agreement, BPSI operates and maintains the power system located on the Lièvre River in Québec in accordance with prudent industry practice and the annual operating plan.

All costs and expenses incurred by BPSI on behalf of Lièvre Power L.P. in relation to the operation and maintenance of the power system are reimbursed to BPSI by Lièvre Power L.P. These costs include operating and maintenance costs and capital improvement costs. Other than the reimbursement of costs, BPSI does not receive a direct fee for the provision of these services.

The O&M Agreement may be terminated only upon the occurrence of a limited number of events. A party may terminate if the other party (i) has failed to pay an amount when due and such failure has not been remedied within 15 days, (ii) has breached or failed to observe or perform any of its material obligations under the agreement and such breach or failure is not remedied within 45 days of notice thereof from the other party, or (iii) is insolvent, bankrupt, liquidated, wound up, or otherwise acknowledges its insolvency. In addition, Lièvre Power L.P. may terminate the O&M Agreement if BPSI is an affiliate of Brookfield Power at the relevant time and the Guarantee Agreement (defined below) has been terminated early.

Power Agency and Guarantee Agreement

On September 30, 1999 GLPT entered into the Power Agency and Guarantee Agreement (the "Guarantee Agreement") with Brookfield Power, pursuant to which Brookfield Power guarantees to GLPT, except in certain limited circumstances, the price (the "Guaranteed Price") of each MWh of energy produced and delivered by the three facilities on the Lièvre River. The Guarantee Agreement was assigned by GLPT to Lièvre Power L.P. on October 6, 2005. The Guaranteed Price is (i) \$39 per MWh for 1,065,000 MWh of generation in any given year, and (ii) \$32 per MWh for generation in excess of 1,065,000 MWh in any given year. Since January 1, 2001, the Guaranteed Price is subject to an annual adjustment equal to the lesser of 3% or 40% of the increase in the Consumer Price Index during the previous year.

Should the total revenues of the power system from all sources, for any month, be less than the Guaranteed Price for Energy at the end of such month, then Brookfield Power will pay to GLPT (through Lièvre Power L.P.) an amount equal to such deficiency. In the years during which Brookfield Power is able to sell electricity produced by the power system for prices in excess of the Guaranteed Price, Brookfield Power will receive each month the positive difference, if any, between (i) the revenues received from sales of electricity and all ancillary services and (ii) the Guaranteed Price.

Under the Guarantee Agreement, Brookfield Power is appointed as the exclusive agent of Lièvre Power L.P. in respect of sales of electricity, transmission, and other additional services and provides sales services, including the negotiation of power purchase agreements between Lièvre Power L.P. and its customers. In addition, Brookfield Power negotiates, on behalf of Lièvre Power L.P., purchases of electricity and energy storage and operating agreements with interconnected utilities.

Brookfield Power also schedules, dispatches, and transmits the power produced and the power supplied by third parties in accordance with prudent industry practice.

Brookfield Power receives, for acting as the exclusive agent of Lièvre Power L.P. in connection with the sale of power and for providing sales, scheduling, dispatch, and transmission services, an annual fee subject to an annual adjustment equal to the increase in the Consumer Price Index during the previous year, reflecting the recovery of its annual costs associated with the provision of such services. In 2006, the annual fee received by Brookfield Power was of \$574,000.

Brookfield Power is responsible for providing appropriate and timely instructions to BEMI in relation to the generation and transmission of power by the Lièvre River Power system, and preparing each Annual Operating Plan. Such plan is then submitted to the trustees of GLPT for their approval.

The Guarantee Agreement has an initial term of twenty years which expires on December 31, 2019 and, except for the provisions regarding the Guaranteed Price, is renewable for successive five-year terms, at the option of Brookfield Power, unless the trustees of GLPT resolve to sell the Lièvre River Power system at the end of such term or of any renewal term, or if Lièvre Power L.P. has committed an event of default under the Guarantee Agreement and such event is not remedied.

Hydrology Reserve Facility

A hydrology reserve facility is provided by Brookfield Power to Lièvre Power L.P. to a maximum amount of \$15 million in order to levelize cash distributions to unitholders as a consequence of changes in hydrology on the Lièvre River Power system from year to year. The facility is available for a period ending on the earlier of (i) November 18, 2014 and (ii) the date of the sale of all or substantially all of the generating facilities located on the Lièvre River. Lièvre Power L.P. is entitled to draw up to \$5 million per contract year for such purposes.

1999 Hydraulic Power Lease

On November 17, 1999, a 20-year hydraulic lease was entered into by Great Lakes Power Trust with the Minister of Natural Resources (Québec) and the Minister of the Environment (Québec) with respect to the Lièvre power system, as may be amended, restated, supplemented or replaced from time to time. The initial term of the Hydraulic Power Lease expires in 2019 and may be renewed at the option of Lièvre Power L.P. (to which the lease was assigned in the fall of 2005) for a further 20-year period upon satisfaction by Lièvre Power L.P. of such renewal conditions which are in force at such time.

Rapides des Cèdres Power Purchase Agreement

Under the Hydro-Québec PPA, Lièvre Power L.P. has agreed to sell all energy generated at the Rapides des Cèdres Generating Station to Hydro-Québec for distribution to its customers. The term of the agreement is the lesser of 25 years and the term of the Rapides des Cèdres Hydraulic Power Lease. If the Rapides des Cèdres Hydraulic Power Lease is terminated, the agreement will also be terminated.

Rapides des Cèdres Hydraulic Power Lease

On December 19, 2003 the Rapides des Cèdres Hydraulic Power Lease was executed for lease of hydraulic forces, parcels of land, portions of river bed and the use of sections of the existing Rapides des Cèdres dam for the development and operation of a hydroelectric generation facility. The 20 year lease commenced June 30, 2005, and may be renewed for an additional term of 20 years at the option of Lièvre Power L.P.

Powell River Energy Inc.

O&M Agreement

Pursuant to a management, operation and maintenance agreement dated January 31, 2001, among BPSI, PREI and Catalyst, BPSI has agreed to provide management and operations services to PREI and to see to the maintenance of the Powell River Energy System facilities.

Power Purchase Agreements

All power generated by PREI is sold to: i) Catalyst pursuant to a 10 year take or pay power purchase agreement (the "PREI PPA") or ii) PREP pursuant to a 50 year agreement ("PREP PPA"). Under these two PPA's, power is sold at a price of \$35.71/MWh escalated annually by 20% of the increase in Consumer Price Index of the previous year. GLPT owns 49.9% and Catalyst owns 50.1% of PREP.

Price and Contract Guarantees

On February 2, 2001, PREI entered into a power purchase agreement guarantee with Brookfield Power (the "PREI Guarantee"), pursuant to which Brookfield Power guarantees the payment obligations of Catalyst under the PREI PPA. On July 24, 2002, the PREI Guarantee was amended and restated as Brookfield Power now also guarantees the payment obligations of PREP under the PREP PPA. Brookfield Power receives an annual fee of \$500,000 for providing this guarantee. If Catalyst or PREP is in default under their respective PPA and it does not cure the default within the applicable cure period then the PREI PPA or the PREP PPA, as the case may be, will terminate and Brookfield Power will purchase or guarantee the purchase price for electricity that would have been sold to Catalyst or PREP under their respective PPA. The PREI Guarantee terminates on December 31, 2021.

Mississagi Power Trust

O&M Agreement

Pursuant to a Management, Operations and Maintenance Agreement dated May 17, 2002, between BPSI and MPT, BPSI has agreed to provide management and operations services to MPT.

Power Purchase Agreement

Pursuant to a 20 year Master Power Purchase and Sale Agreement ending on December 31, 2022, all power generated by the Mississagi Power system is sold to BEMI at a price of \$58.68/MWh, escalated annually by 20% of the increase in the Consumer Price Index of the previous year. The obligations of BEMI under this agreement are guaranteed by Brookfield Power.

Hydrology Reserve Facility

A hydrology reserve facility is provided by Brookfield Power to MPT to a maximum amount of \$10 million in order to level the cash distributions to unitholders as a consequence of changes in hydrology from year to year. The facility is available for a period ending on the earlier of (i) December 31, 2017, (ii) the date of the sale of all or substantially all of the Mississagi Power system, and (iii) a change of control of MPT. MPT is entitled to draw up to \$3 million per contract per year for such purposes.

Carmichael Limited Partnership

Power Purchase Agreement

Pursuant to a Power Purchase and Sale Agreement ending on March 31, 2042, all power generated by the Carmichael facilities is sold exclusively to the OEFC with no minimum or maximum delivery commitment. The power purchase agreement is subject to renewal on an annual basis starting in 2042. Prices are pre-

determined and set out in a schedule to the agreement and includes a decrease in the average price for electricity in 2012 to \$44/MWh. The average 2006 winter season and summer season price for electricity was \$117/MWh and \$97/MWh.

Great Lakes Hydro America

Power Purchase Agreements

Pursuant to a 20 year Master Power Purchase and Sale Agreement between GLHA and BEMI ending on January 31, 2022, all power generated by GLHA at the six generating facilities located on the Penobscot River is sold to BEMI at a price of US\$35.75/MWh, escalated annually by 20% of the increase in the Consumer Price Index of the previous year. The obligations of BEMI under this agreement are guaranteed by Brookfield Power.

Pursuant to a 20 year Master Power Purchase and Sale Agreement between GLHA and BEMI ending on December 31, 2022, all power generated by GLHA from its generating facilities located on the Androscoggin River (except for Errol and Pontook) is sold to BEMI at a price of US\$37.00/MWh, escalated annually by 20% of the increase in the Consumer Price Index of the previous year. The obligations of BEMI under this agreement are guaranteed by Brookfield Power.

Pursuant to a 20 year Master Power Purchase and Sale Agreement between Pontook and BEMI ending on December 31, 2023, all power generated by Pontook is sold to BEMI at a price of US\$37.00/MWh, escalated annually by 20% of the increase in the Consumer Price Index of the previous year. The obligations of BEMI under this agreement are guaranteed by Brookfield Power.

Pursuant to a hydropower purchase contract dated May 11, 1994 between Errol and Public Service Company of New Hampshire which terminates on December 31, 2023, all power generated by Errol is sold to Public Service Company of New Hampshire at specified rates per kilowatt produced.

Pursuant to a power purchase agreement dated January 13, 1986 between Brassua and Central Maine Power Company, which expires on August 1, 2009, all power generated by Brassua is sold to Central Maine Power Company at specified rates per kilowatt produced.

Real Property Leases

Errol leases the site upon which its hydroelectric facility is located under a 40 year lease agreement expiring on December 31, 2023. The lease provides for minimum rent and cost escalation adjustments based on electricity or gross revenues generated, plus any property and personal property taxes owing.

Brassua leases the site upon which its hydroelectric facility is located under a 20 year lease agreement expiring on April 1, 2012. The lease provides for minimum rent and cost escalation adjustments based on electricity or gross revenues generated, plus any property and personal property taxes owing.

Pontook leases a portion of the site upon which its hydroelectric facility is located under a 45 year lease agreement expiring December 31, 2032. The lease provides for minimum rent and cost escalation adjustments based on electricity or gross revenues generated, plus any property and personal property taxes owing.

BUSINESS ENVIRONMENT

Competitive Strengths

The Fund benefits from the following competitive strengths:

Long Term Contracts: As the Fund sells its power under long term power purchase agreements, it has reduced its risk to market conditions. Brookfield Power, as guarantor of a significant portion of the Fund's revenue (as more fully described in the section above entitled "Economic Dependence – Major Agreements"), has investment grade issuer ratings from Dominion Bond Rating Service ("DBRS") and Standard and Poor's ("S&P"). For more information, please see Ratings section.

Affiliation with Brookfield: As Brookfield Power owns 50.1% of the Fund, the Fund benefits from the financial strength and managerial expertise of Brookfield Power and its expertise, experience and knowledge. Brookfield Power's parent company, Brookfield Asset Management Inc., considers power generation to be one of its core business segments and is committed to the continued success and growth of the Fund's operations.

Experienced Management Team: The management team has substantial experience and has a consistent track record of successfully growing both its asset base and cash flows.

Interconnected Markets: The majority of the Fund's power generating facilities are located in the north-eastern U.S. and Canada. The New York, New England, Ontario and Québec power markets are all interconnected, allowing power generated in one of these markets to be delivered into any of the other markets.

Geographic Diversity: The Fund's power generating facilities are located in four distinct power markets reducing the impact of individual market or regulatory risk. The regional diversity of its hydroelectric plants, located on 8 different river systems, materially mitigates the risk of encountering lower overall hydrology.

Storage Capacity: The Fund has the equivalent of approximately 1,340 GWh of storage capacity throughout its portfolio providing the ability to avoid spillage and manage water resources.

Financial Strength and Attractive Debt Maturity Profile: The Fund pursues a conservative approach to its capitalization maintaining a prudent level of low-cost limited recourse project financing and modest levels of corporate debt. The long-life nature of its assets allows the Fund to finance these assets with long-term limited recourse debt, with minimal near-term maturities.

Advantages of Hydroelectric Generation

The unique nature of hydroelectric generation provides many advantages over other forms of electricity generation. The advantages of hydroelectric power include high level of reliability, low operating costs, operational flexibility to meet ongoing base-load electricity needs and peak demands, minimal environmental impacts, and its reliance on water, a renewable resource.

Reliability: The equipment involved in producing hydroelectric power has relatively few moving parts. Since the process does not include combusting fossil fuels at high temperatures or creating steam, there is minimal wear and tear on the machinery, which contributes to long life and low maintenance requirements. Unplanned outage rates for hydroelectric units are among the lowest in the electricity industry.

Low Operating Costs: Other than water royalties paid to governmental authorities, hydroelectric facilities do not have any other significant variable costs, such as fuel costs, which can be quite material and highly volatile for fossil-fuelled plants. As well, most hydroelectric plants can be operated remotely by a single

person from a centralized control centre. Combined with the low maintenance and outstanding reliability of equipment, operating expenses are comparatively low.

High Operational Flexibility: Hydroelectric plants can adjust quickly to changes in demand and, depending on the flow of the river and the storage capacity of the reservoirs, hydroelectric plants can service both the base power requirements of its customers as well as their peak power requirements.

Low Environmental Impact: Hydroelectric generation produces virtually no greenhouse gas emissions or acid rain, both of which have major impacts on the environment. Hydroelectric generation minimizes thermal, chemical, radioactive, water and air pollution as compared to fossil-fuelled and nuclear generated power. Instead of producing substantial amounts of residual wastes during the power generation process, hydroelectric generation simply returns the water to the river.

Regulatory Environment

The North American electricity industry has been characterized by significant change over the past several decades, as several jurisdictions in both Canada and the United States have opened their electricity markets to competition. While the pace of deregulation has differed from region to region, wholesale electricity trading markets have developed, access to transmission systems has been afforded, and a number of electric utilities have been restructured in response to state mandated efforts to move towards competition. Additionally, independent power producers have had the opportunity to increase their generating portfolios in markets where asset sales have been either mandated by the regulator, or opportunities have materialized through consolidation or rationalization.

In Canada, over 80% of the electricity generated is provided by large provincially-owned corporations, such as Hydro-Québec and Ontario Power Generation Inc., with the remainder being produced by smaller investor-controlled corporations or by industrial companies. In the late 1970s and 1980s, provincial governments, which have legislative authority over the supply of power and utilities, responded to consumer demand for competitive electricity tariffs by initiating programs and policies aimed at permitting the purchase of electricity from independent power producers. In the 1990s, ongoing customer demand for lower prices and the desire to improve global competitiveness in the United States, Canada and worldwide led to many initiatives to restructure the electricity industry from a highly regulated industry controlled by large vertically integrated Crown-owned utilities, to one which should eventually favour increased competition and promote opportunities for new market participants. Deregulation of the electricity industry is now under way or being studied in most provinces in Canada, and a number of jurisdictions in the United States.

In Canada, only Ontario and Alberta have opened their electricity markets to full retail competition, while the Provinces of British Columbia and New Brunswick have restructured their electric utilities to become more responsive to market conditions. In the northeast United States, New York and most of New England and mid-Atlantic states have taken steps to open up their retail electricity markets to competition. As deregulation has achieved varying degrees of success, market constructs which outlined rules for deregulation have continued to evolve.

Québec

On May 1, 1997, Hydro-Québec opened its transmission system and wholesale electricity market to competition. A few months later, the Federal Energy Regulatory Commission ("FERC") issued a wholesale power marketer license to Hydro-Québec enabling it to negotiate the sale and purchase of electricity directly, based on the U.S. market price. As a result of this action, electricity producers in Québec now have the option to sell electricity outside Québec and to "wheel" it through Hydro-Québec's transmission lines at specified rates.

In 2000, Hydro-Québec implemented the separation of its operations into distribution, transmission and generation of electricity.

Hydro-Québec Production generates electricity and sells it on wholesale markets both inside and outside Québec. For the Québec market, Hydro-Québec Production supplies Hydro-Québec Distribution with a heritage pool of up to 165 TWh of electricity per year, at a fixed-price of 2.79 cents per KWh. Beyond this volume, it competes freely in response to Hydro-Québec Distribution's calls for tenders.

TransÉnergie owns and operates Hydro-Québec's transmission system, which has 18 interconnections allowing power interchange between Québec and the systems in Labrador, New Brunswick, Ontario and the U.S. Northeast. This division offers non-discriminatory access to Québec's transmission system to all customers on the wholesale market in north-eastern United States. It also makes its interconnections available to customers both inside and outside Québec.

Québec's wholesale electricity market now consists of 11 distributors including Hydro-Québec Distribution, nine operators of municipal systems and one regional cooperative. With the opening of the wholesale market, all electricity consumers may purchase electricity in Québec or elsewhere. Hydro-Québec Distribution supplies domestic markets with electricity and ensures the reliability of the distribution system.

Following a consultation process which began in November 2004, the Québec Ministry of Natural Resources ("MNR") established the government's energy strategy. The strategy is summarized by the following six (6) items: (i) Strengthening of energy supply security, (ii) Better use of energy as a lever for economic development. Priority to be given to hydroelectricity, wind energy potential, hydrocarbon reserves and the diversification of natural gas supplies, (iii) Local and regional communities and First Nations to be given more say, (vi) More efficient use of energy (v) Québec to become a leader in the sustainable development field, (vi) Electricity rates to be set at a level that promotes Québec's interests and ensures proper management of resources. Changes to several statutes were deemed required by the MNR in order to implement the strategy. Bill 52 was adopted on December 13, 2006. The consequences associated with Bill 52 are not expected to have a material adverse effect on the Fund's Québec based operations.

Ontario

The *Energy Competition Act, 1998* received Royal Assent in 1998 to, among other things: (i) end Ontario Hydro's monopoly in electricity supply and introduce a competitive market; (ii) broaden the mandate of the Ontario Energy Board ("OEB") to include regulation of the electricity sector and improve gas sector regulation; and (iii) reorganize Ontario Hydro into its successor commercial corporations.

On April 1, 1999, Ontario Hydro's five successor companies were established as follows: Ontario Hydro Services Company Inc. now known as Hydro One Inc.; Ontario Power Generation Inc.; Ontario Electricity Financial Corporation; Independent Electricity System Operator (formerly the Independent Electricity Market Operator) ("IESO"); and Electrical Safety Authority. The IESO was set up as a non-profit corporation responsible for ensuring the reliability and fairness of the electricity market.

Ontario's energy market was opened on May 1, 2002. This milestone required completion of many items of work by the IESO and OEB, including the finalization of the market rules, confirmation of market readiness by the IESO and approval of the provincial transmission revenue allocation to be approved by the OEB. In addition, the treatment of Ontario's independent power companies, such as those operated by the Fund and Brookfield Power, was finalized.

In December 2004, the "*Electricity Restructuring Act, 2004*" received royal assent. The legislation is designed to bring stability to Ontario's electricity section in the following ways. First, the newly formed Ontario Power Authority ("OPA") will be responsible for assessing the need for new generation capacity in the marketplace, with the goal of assuring an adequate, long-term supply of electricity. Second, the role played by the IESO has been re-defined so that it now has the authority to oversee the setting of regulated pricing of electricity at the retail level. These regulated prices are intended to provide price stability to consumers. Third, a Conservation Bureau has been created within the Ministry of Energy and there are provisions that the Minister of Energy will continue to set targets for conservation, renewable energy, transmission investment and the overall supply mix of electricity in the province.

Ontario's electricity generators compete with other suppliers from both within and outside of Ontario to sell electricity to the wholesale market, consisting of purchasers of bulk power such as electricity distribution utilities, industrial customers, aggregators, brokers and marketers. Wholesale market participants buy and sell electricity either through the Ontario electricity market or through bilateral contracts.

British Columbia

The two major electricity utilities in British Columbia are BC Hydro and West Kootenay Power and Light Ltd. ("WKP"). BC Hydro, a crown corporation, is the major generator of power in British Columbia. It owns most of the transmission lines through B.C. Transmission Corporation and supplies directly or indirectly approximately 90% of the total electricity consumed in the province. The remaining load in British Columbia is served by WKP, which generates, transmits and distributes power in the southeast portion of the province.

Open access to the transmission system of BC Hydro has been available in British Columbia since January 1, 1996 and the WKP system since March 20, 1998. Although there have been various regulatory proceedings in which further restructuring of the electricity industry in BC has been contemplated, no other significant structural steps have been taken to encourage competition in the province. Thus, the bulk of retail load is served by either BC Hydro or WKP with the main exception being load served by eight municipal distribution utilities within the WKP service area and by the City of New Westminster within the BC Hydro service area. Independent power producers located in British Columbia may sell to BC Hydro or WKP or employ access to either transmission system to sell their generation outside the province.

New England

ISO-NE, created in 1997, is responsible for the day-to-day operation of New England's bulk power generation and transmission system; oversight and fair administration of the region's wholesale electricity markets, which first opened in 1999; and management of a comprehensive regional bulk power system planning process. The six-state region that ISO-NE serves includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

Safety, Health, the Environment and Community Relations

Health and Safety

The Fund has adopted a Health and Safety Policy and an Environmental Policy requiring all employees, contractors, agents and others involved in its operations to comply with established safety, health and environmental practices. The Fund's subsidiaries provide suitable training to achieve the desired compliance.

The Fund strives to achieve excellence in safety performance and to be recognized as an industry leader in accident prevention. The Fund recognizes and is committed to the following health and safety principles:

- Responsibility and accountability for safety performance extends from the directors through the executives, managers, supervisors and workers.
- Active participation of leadership in the management of health and safety.
- A primary focus on the elimination and control of high risk hazards for employees, contractors, visitors and the population potentially affected by the Fund's operations.
- The right and the responsibility of every employee to contribute to safe work performance.
- Prevention through the proactive application of a comprehensive safe work management system.

The Fund's overall objective is to incur zero high risk safety incidents and zero lost time injuries.

Environment

The Fund's environmental practices are based on the fundamental values of accountability, partnership and open communication. The Fund accepts the responsibility entrusted to it to manage natural resources in ways that ensure sustainable development. Since its inception, the Fund has not been notified of any material environmental damage claims or breaches of environmental law with potential material negative impact to the environment. The Fund's approach protects and enhances the ecosystems and communities affected by its activities. It recognizes and is committed to the following environmental principles:

- Meet legislated requirements and strive to achieve a level of performance not only governed by these requirements but also by consideration of the socio-economic and environmental expectations of stakeholders.
- Engage in open and transparent dialogue with stakeholders to achieve a greater understanding of expectations and constraints.
- Promote a partnership approach for the development of responsible and realistic solutions.
- Understand, minimize and manage the impacts and risks associated with operations and plan for emergency situations.
- Integrate environmental, public and socio-economic considerations into business processes.
- Ensure efficiency of operations and activities in the use of natural resources.
- Exercise leadership by encouraging and training employees at all levels to follow the environmental stewardship associated with their responsibilities.
- Ensure that performance demonstrates a leadership position.
- Maintain environmental management systems that support this policy and ensure continual improvement.

The Fund is committed to the environmentally responsible management of its assets. Developments in the last 15 years have all been subjected to full environmental assessment studies. Public information meetings have been held in order to identify concerns and appropriate actions were taken to address those concerns. Projects constructed prior to this period have been fully audited and mitigation steps have been instituted, where necessary, to bring all plants to accepted standards. Expenditures on environmental compliance are minimal due to the nature of the assets held and are included in the Fund's ongoing capital expenditure plan.

Community Relations

Community support initiatives are ongoing across all of the river systems where the Fund has operations. Through each facility, the Fund is building trust and credibility with the local stakeholders. The Fund recognises that its performance must be demonstrable. In an effort to ensure common interpretation and implementation of the Fund's Environmental Policy, the Fund has committed to jointly fund community initiatives that focus on five priority areas:

- Mitigation and restoration of any impact from operations;
- Conservation and preservation;
- Support of river and watershed committees;

- Support of the economic development of communities; and
- Education and research

This commitment by the Fund has already spawned two major projects: the West Branch Project in Maine and a fish habitat conservation initiative in Ontario, two very tangible translations of our Environmental Policy into action and results.

The Fund is building strong relationships with all stakeholders in the communities in which the Fund operates; these relationships are the foundation for our long-term success.

RISK FACTORS

The power operations of the Fund are subject to varying degrees of risk inherent in the ownership and operation of power generating facilities. The following represents a summary of the most relevant risk factors relating to the Fund's power's business. This summary contains only certain risk factors and is not all-inclusive.

Hydrology

The revenues generated by the power systems are proportional to the amount of electricity generated. The amount of electricity generated by the power systems is dependent upon available water flows. Accordingly, revenues and distributable cash may be affected by low and high water flows in the watersheds. There can be no assurance that the long-term historical water availability will remain unchanged or that a material hydrologic event will not impact the hydrological conditions that exist within the watershed. The Fund strives to mitigate the risk of variable hydrology conditions by acquiring and operating a portfolio of geographically diverse facilities. The diversified locations of our power generating assets assist in balancing the impact of generation fluctuations in any one geographic region. The Fund also has access to hydrology insurance and a hydrology reserve facility provided by Brookfield Power, our principal unitholder, which can be used to levelize distributions to unitholders if necessary. As a result, distributions to unitholders may not necessarily be affected by fluctuations in power generation resulting from variable water conditions.

Equipment Failure

There is a risk of equipment failure due to wear and tear, latent defect, design error or operator error, among other things, which could adversely affect revenues and distributable cash. Although the power systems have operated in accordance with expectations, there can be no assurance that they will continue to do so. Nevertheless, this risk is substantially mitigated by the proven nature of hydroelectric technology, the design of the plants, the power systems' capital programs, adherence to prudent maintenance programs, comprehensive insurance and significant operational flexibility as a result of having generating units which can operate independently.

Foreign Exchange

The price paid for energy produced by our New England operations is denominated in U.S. dollars and, therefore, distributions by the Fund may be affected by the fluctuations of the Canadian/U.S. dollar exchange rate over time. A material increase in the value of the Canadian dollar may negatively impact the Fund's distributions. The Fund's operating expenses and financing costs incurred in connection with our New England operations are denominated in US dollars, thus providing a natural hedge. In addition, the Fund may manage the risk associated with foreign exchange rates fluctuation by entering, from time to time, into forward foreign exchange contracts and engaging in other hedging strategies. To the extent that the Fund engages in risk management activities related to foreign exchange rates, it will then be subject to

credit risks associated with the counterparties with which it contracts. A change in the foreign exchange rate of 1 cent (\$US to \$CDN) causes a variation in income before non-cash items for the Fund of approximately \$0.2 million.

Regulatory Regime and Governmental Permits

The operation of the Fund's generation assets is subject to regulation. Water rights are generally owned by governments which reserve the right to control water levels. Any new law or regulation could require additional expenditure to achieve or maintain compliance. Operations that are not currently regulated may become subject to regulation. Because legal requirements are frequently changed and are subject to interpretation, the Fund is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Some of the Funds' operations are regulated by government agencies that exercise discretionary power conferred by statutes. Because the scope of such authority is uncertain and may be inconsistently applied, the Fund is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. The failure of the Fund to obtain or maintain all necessary licences, leases or permits, including renewals thereof or modifications thereto, may adversely affect the Fund's ability to generate income.

Availability of Capital to Meet Obligations

Distributable cash will be dependent upon the ability of GLPT or any of its affiliates to fund a portion of its capital program with committed credit facilities and refinance or renew its existing loan arrangements. The Fund may be required to reduce distributions or sell additional Trust Units in order to accommodate these items. Although the Fund has calculated a levelized annual amount to fund the various 20-year capital programs, there can be no assurance that sufficient capital will be available on acceptable terms to the Fund for such expenditures or that the amount required would be same as currently estimated.

Investment Eligibility and Tax Issues

Notwithstanding recently announced changes to the Income Tax Act as discussed below, the Fund will, for the time being, endeavour to ensure that the Trust Units continue to constitute "qualified investments" for trusts governed by the Plans under the *Income Tax Act* (Canada) (the "Tax Act") Although the Fund qualifies as a "mutual fund trust" under the Tax Act and has elected to be deemed to be a "mutual fund trust" from the date it was established, if the Fund ceases to qualify as a "mutual fund trust", the Trust Units will cease to be "qualified investments" for the Plans. Where, at the end of any month, a Plan holds Trust Units that are not "qualified investments", the Plan must, in respect of that month, pay a tax under Part XI.1 of the Tax Act equal to 1% of the fair market value of the Trust Units at the time the Trust Units were acquired by the Plan. The annuitant under a Plan could also be subject to penalty taxes in such a case. In addition, if the Fund ceases to qualify as a "mutual fund trust", the Fund will then be required to pay a tax under Part XII.1 of the Tax Act. The payment of Part XII.1 tax by the Fund may have adverse income tax consequences for unitholders. In addition, changes in tax laws may have adverse impact on taxation of distributions to unitholders. To the extent that the Fund remains the sole holder of GLPT Units and assuming the Fund qualifies as a "mutual fund trust" at all relevant times, GLPT will not be required to pay tax under Part XII.2 of the Tax Act. If the Fund ceases to qualify as a "mutual fund trust" or ceases to be the sole holder of the GLPT Units, GLPT may be required to pay tax under Part XII.2 of the Tax Act. One of the ways in which the Fund could cease to qualify as a "mutual fund trust" would be if non-residents of Canada ("non-residents") within the meaning of the Tax Act were to become the beneficial owners of a majority of the Trust Units. There can be no assurance that income tax laws and the treatment of "mutual fund trusts" will not be changed in a manner which may adversely affect unitholders.

On December 21, 2006, the federal Minister of Finance released for comment draft legislation concerning the taxation of publicly traded income trusts. These measures result in the application of a tax similar to that of corporations and making taxable distributions considered equivalent to dividends. These measures will become effective as of January 1, 2011.

Force Majeure

The occurrence of a significant event that disrupts the ability of the power systems to produce or sell power for an extended period, including events that preclude Brookfield Power, BEMI, or existing customers from purchasing electricity, could have a material negative impact on distributable cash. With the notable exceptions of hydrology and scheduled maintenance, a significant portion of the events giving rise to force majeure are mitigated by the Fund's insurance program.

Operating and Capital Expenditure Costs

In the future, the Fund's generation assets may require significant capital expenditures and its operations could be exposed to unexpected increases in operating costs such as increased operating labour costs, water rental costs and taxes.

Dependence on Brookfield Power and Potential Conflicts of Interest

The Fund is dependent on Brookfield Power, as guarantor of the price for electricity produced and delivered, and upon wholly-owned subsidiaries of Brookfield Power, as operator of the power systems, as purchaser of power and as sales and marketing agent. Accordingly, distributions to unitholders will be dependent upon the ability of Brookfield Power and its affiliates to satisfy their respective obligations under certain agreements relating to the power systems.

Certain conflicts of interest may arise as a result of Brookfield Power and its affiliates pursuing its own business interests, which may render Brookfield Power and its affiliates in competition with the Fund. As well, there may be conflicts which arise due to market conditions as Brookfield Power is the guarantor of electricity prices as well as the dispatcher and operator of the power systems. Brookfield Power's 50.1% interest in the Fund and provisions in agreements relating to the power systems and the trust indentures, including those relating to the corporate governance, mitigate these risks.

Credit

The Fund is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Brookfield Power, as guarantor of a significant portion of the Fund's revenue, has investment grade issuer ratings which significantly reduce our credit risk.

Leverage

Borrowings will introduce leverage into its business which will increase the level of financial risk to the Fund and, to the extent that interest rates are not fixed or that borrowings are refinanced at different interest rates, will increase the sensitivity of distributable cash to interest rate variations.

Insurance Limits

While the Fund believes that the power systems' insurance coverage addresses all material insurable risks, provides coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and is subject to deductibles, limits, and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions, there can be no assurance that such insurance will continue to be offered, nor that all events that could give rise to a loss or liability are insurable.

Nature of Trust Units

The Trust Units are dissimilar to conventional debt instruments in that there is no principal amount owing directly to unitholders. The Trust Units do not represent a traditional investment and should not be viewed by investors as a debt obligation or shares of Brookfield Power or its subsidiaries. Each Trust Unit represents an equal undivided beneficial interest in the Fund.

Health, Safety and Environmental Risks

The ownership and operation of the Fund's generation assets carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals will remain material to the Fund's business. The Fund has incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licenses, permits and other approvals and to assess and manage its potential liability exposure. Nevertheless, from time to time the Fund may be unsuccessful in obtaining an important license, permit or other approval or become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

Litigation

Although there are currently no material legal proceedings outstanding or threatened against the Fund or its assets, the Fund may become party to litigation in the future which could adversely affect its business.

Labour Relations

While labour relations at the Fund's generation assets have been stable to date and there have not been any disruptions in operations as a result of labour disputes with employees, the maintenance of a productive and efficient labour environment cannot be assured. In the event of a labour disruption such as a strike or lock out, the ability of the generation assets to generate income may be impaired. The Fund's current collective agreements expire periodically and there are no assurances that the Fund will be able to renew its collective agreement without a labour disruption.

DISTRIBUTION POLICY

The Fund makes monthly distributions to its Unitholders based on monthly Distributable Cash declarations. Distributable cash is based on 100% of the net earnings, excluding major maintenance expense, adjusted to account for non-cash transactions such as depreciation, amortization and future taxes. This figure is then reduced by a capital asset reserve to arrive at distributable cash.

The Fund increased dividend distributions from \$0.125 per Trust Unit per month to \$0.1033 per Trust Unit per month in January 2006 and again to 0.10417 per Trust Unit per month in August 2006. Annual distributions paid for the past three years per Trust Unit were as follows:

Distributions	2006	2005	2004
\$paid/Per Trust Unit	\$1.24	\$1.22	\$1.20

If the Trustee determines that the Fund does not have sufficient cash to fully pay any distributions, the distribution may include the issuance of freely tradable Trust Units at a price per Trust Unit based upon a weighted average price per Trust Unit at which the Trust Units have traded during the period of the last 10 days during which Trust Units have traded prior to the record date.

MARKET FOR SECURITIES

The Trust Units are listed for trading on The Toronto Stock Exchange under the symbol **GLH.UN**. The following table sets forth the closing price range and trading volume of the Trust Units for the periods indicated.

<u>2006</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Average Volume</u>
January	19.22	18.16	41,378
February	19.14	18.30	35,135
March	18.84	18.05	56,782
April	18.69	17.50	48,954
May	18.22	17.30	46,029
June	18.50	17.70	50,188
July	18.55	17.89	38,488
August	18.55	18.01	41,781
September	19.89	18.56	37,339
October	19.35	18.78	41,052
November	18.76	16.90	98,802
December	19.40	18.17	74,051

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The Fund - Description of the Trust Units and the Trust Indenture

The Fund is an unincorporated open-ended trust created pursuant to the Trust Indenture and governed by the laws of Québec. The Fund is a limited purpose trust whose powers are restricted to: (i) issuing Trust Units for consideration in order to (a) acquire securities issued by GLPT including, without limitation, trust units of GLPT ("GLPT Units") and secured GLPT notes issued by GLPT from time to time, either Series 1 or Series 2, pursuant to a secured note indenture dated October 27, 1999, as amended on October 27, 2003, between GLPT and CIBC Mellon Trust Company ("GLPT Notes"), and (b) acquire securities or ownership interests in or from other corporations, partnerships, trusts, or other persons or entities involved in the same business as GLPT or in a similar business; (ii) making investments in securities and borrowing funds for such purpose and entering into the transactions described in this short form prospectus; and (iii) temporarily holding cash and other short-term investments.

Trustee

CIBC Mellon Trust Company ("the Trustee") acts as the Fund's trustee, transfer agent, and registrar for the Trust Units under the Trust Indenture. Subject to certain limitations, the Trustee shall have full, absolute, and exclusive power, control, and authority over the Fund's property and affairs. The Trustee has delegated many of its powers to BEMI, as the Fund's administrator pursuant to the Administration Agreement, and may delegate powers to such other persons as the Trustee may deem necessary or desirable.

The Trustee may resign its trust under the Trust Indenture by giving to BEMI, in its capacity as administrator of the Fund, not less than 90 days prior notice. The Trustee may be removed at any time with or without cause by Ordinary Resolution (as defined in the Trust Indenture). The Trustee may also be removed at any time by BEMI, in its capacity as administrator of the Fund, by notice in writing to the Trustee, in the event that the Trustee is declared bankrupt or insolvent or no longer satisfies other similar requirements provided for in the Trust Indenture, or if the Trustee, at any time, ceases (i) to be incorporated under the laws of Canada or a province thereof, (ii) to be resident in Canada, (iii) to be authorized under the laws of Québec to carry on the business of a trust company, or (iv) to have reported on its most recent audited consolidated financial statements shareholders' equity of at least \$100 million or to be at least 50% owned by a Schedule I Canadian chartered bank. Any such resignation or removal shall take effect on the earlier of 90 days after the date notice of such resignation is duly given, such Ordinary Resolution is approved, or such notice by BEMI is given, as the case may be, and the date a successor Trustee is appointed or elected. If no successor Trustee has been appointed or elected within 60 days of such notice of resignation, Ordinary Resolution, or notice by BEMI, as the case may be, BEMI, any unitholder, or any other interested party may apply to a court of competent jurisdiction for the appointment of a successor Trustee.

The Trust Indenture provides that the Trustee will be entitled to indemnification from the Fund in respect of the performance of its duties thereunder, in the absence of its gross or wilful fault or fraudulent acts.

Certain Restrictions on Trustee's Powers

The Trust Indenture provides that the Trustee may not, without the approval of the unitholders by Ordinary Resolution, (i) exercise the voting rights attached to the GLPT Units with respect to any matter which, under the trust indenture of GLPT (the "GLPT Indenture"), requires or permits the approval of the GLPT unitholders by Ordinary Resolution and (ii) subject to certain exceptions, appoint or change the Fund's auditors. Additionally, the Trust Indenture provides that the Trustee may not, without the approval of the unitholders by Special Resolution (as defined in the Trust Indenture), (i) exercise the voting rights attached to the GLPT Units with respect to any matter which under the GLPT Indenture requires or permits approval by the GLPT unitholders by Special Resolution, (ii) amend the Trust Indenture (except in certain limited circumstances described under "Amendments", below), (iii) sell, lease, or exchange all or substantially all of the Fund's property, other than in the ordinary course of business, (iv) authorize the termination,

liquidation or winding-up of the Fund, other than at the end of the term of the Fund (as described under "Term of the Fund", below), or (v) authorize the combination, amalgamation or merger of the Fund, nor the Fund's involvement in other similar transactions, with any other person or entity.

Trust Units

All of the ownership interests in the Fund, including the Trust Units, constitute a single class of trust units. A Trust Unit represents a unitholder's proportionate, undivided ownership interest in the Fund. The aggregate number of Trust Units, which the Fund may issue, is unlimited.

No Trust Unit has any preference or priority over another. No unitholder has, nor is deemed to have any right of ownership in any of the Fund's assets. Each Trust Unit carries the right to one vote at any meeting of unitholders and to participate equally and rateably in any distributions by the Fund and, in the event of any required distribution of all of the Fund's property, in the net assets of the Fund remaining after satisfaction of all liabilities.

Trust Units are redeemable at any time on demand by the holders thereof, upon delivery to the Fund of a duly completed and properly executed notice requesting redemption, in a form reasonably acceptable to the Trustee, together with any certificate representing the Trust Units to be redeemed and written instructions as to the number of Trust Units to be redeemed.

Subject to the approval of the trustees of GLPT ("GLPT Trustees") and for the sole purposes established for the Fund, the Trustee may issue Trust Units at such times, in such manner, for such consideration, and to such persons as the Trustee, in its sole discretion, shall determine. The Trustee shall use commercially reasonable efforts to issue Trust Units to such persons as GLPT Trustees may determine for the purpose of facilitating any acquisition by, or other transaction of GLPT. Any funds received by the Fund pursuant to such issuance of Trust Units shall be promptly invested in GLPT Units, GLPT Notes, or a combination thereof, or in such other manner as GLPT Trustees shall direct.

The Trustee may also issue Trust Units pursuant to a purchase or option plan approved by the Trustee upon the recommendation of the GLPT Trustees and, in compliance with applicable securities laws and stock exchange rules, to the GLPT Trustees or the employees of GLPT or other specified persons.

Trust Indenture Binds All Unitholders

The Trust Indenture is binding upon all holders of Trust Units and, upon receipt of a customer confirmation of purchase from a registered dealer which is a CDS Participant (as defined below) through which the Trust Units are purchased or, upon termination of the Book-Entry System (as defined below), upon receipt of a certificate for a Trust Unit, the unitholder shall be deemed to have agreed to be bound by the Trust Indenture.

Repurchase of Trust Units

The Fund may, from time to time, purchase Trust Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchases will constitute an "issuer bid" under applicable securities legislation and must be conducted in accordance with the applicable requirements provided there under.

Redemption Right at the Option of the Unitholders

Trust Units are redeemable at any time on demand by the holders thereof upon delivery to the Fund of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustee together with any certificates representing Trust Units to be redeemed and written instructions as to the number of Trust Units to be redeemed. Upon tender of Trust Units of a unitholder for redemption, all rights to and under the Trust Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Trust Unit ("Redemption Price") equal to the lesser of: (i) 90% of the

weighted average price per Trust Unit at which the Trust Units have traded on the principal exchange on which Trust Units are listed (or, if the Trust Units are not listed on any stock exchange, on the principal market on which the Trust Units are quoted for trading) during the period of the last 10 days during which Trust Units traded on such exchange or market immediately prior to the date on which the Trust Units were tendered for redemption; and (ii) an amount equal to (a) the closing price of the Trust Units on the principal stock exchange on which Trust Units are listed (or, if the Trust Units are not listed on any stock exchange, on the principal market on which the Trust Units are quoted for trading) if there was a trade on the date on which the Trust Units were tendered for redemption and the stock exchange or market provides a closing price; (b) an amount equal to the average of the highest and lowest prices of Trust Units on the principal exchange on which Trust Units are listed (or, if the Trust Units are not listed on any exchange, on the principal market on which the Trust Units are quoted for trading) if there was trading on the date on which the Trust Units were tendered for redemption and the exchange or other market provides only the highest and lowest trading prices of Trust Units traded on a particular day; or (c) the average of the last bid and ask prices on the principal exchange on which Trust Units are listed (or, if the Trust Units are not listed on any exchange, on the principal market on which the Trust Units are quoted for trading) if there was no trading on the date on which the Trust Units were tendered for redemption.

The aggregate Redemption Price payable by the Fund in respect of any Trust Units surrendered for redemption during any month shall be satisfied by way of a cash payment five days after the end of the calendar month in which the Trust Units were tendered for redemption, provided that the entitlement of unitholders to receive cash upon the redemption of their Trust Units is subject to the limitations that (i) the total amount payable by the Fund in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month shall not exceed \$250,000 (provided that such limitation may be waived at the discretion of the Trustee); (ii) at the time such Trust Units are tendered for redemption, the outstanding Trust Units shall be listed for trading on the TSE or traded or quoted on any other stock exchange or market which the Trustee considers, in its sole opinion, provides representative fair market value prices for the Trust Units; or (iii) the normal trading of Trust Units is not suspended or halted on any stock exchange on which the Trust Units are listed (or, if not listed on a stock exchange, on any market on which the Trust Units are quoted for trading) on the date that the Trust Units are tendered for redemption or for more than five trading days during the 10 day trading period commencing immediately after the date on which the Trust Units are tendered for redemption.

If a unitholder is not entitled to receive cash upon the redemption of Trust Units as a result of the foregoing limitations, then the Redemption Price for such Trust Units shall be the fair market value thereof as determined by the Trustee and shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* of a pro rata number of GLPT Units and GLPT Notes (each GLPT Note being in the principal amount of \$100), to the extent that the GLPT Notes have not been repaid in full. No fractional GLPT Units or GLPT Notes will be distributed and where the number of GLPT Units and GLPT Notes to be received by a unitholder includes a fraction, such number shall be rounded to the next lowest whole number. Notwithstanding the foregoing, if the unitholder is a trust or a plan governed by a registered retirement savings plan, registered pension plan, registered education savings plan or registered retirement income fund (a "Plan"), upon the election of such Plan, the Trustee shall cause GLPT to redeem the proportionate share of GLPT Units that such Plan would otherwise be entitled to receive in consideration for the receipt of GLPT Series 2 Notes and then would distribute to such Plan GLPT Series 2 Notes in lieu of GLPT Units. See "GLPT and the GLPT Indenture — GLPT Notes".

It is anticipated that this redemption right will not be the primary mechanism for holders of Trust Units to dispose of their Trust Units. GLPT Units and the GLPT Notes which may be distributed *in specie* to unitholders in connection with redemption will not be listed on any stock exchange and no market is expected to develop in such GLPT Units and GLPT Notes. GLPT Notes may be subject to resale restrictions under applicable securities laws. GLPT Notes so distributed may be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, and deferred profit sharing plans. Plans that own Trust Units should consult their own tax advisor before deciding to exercise the redemption rights thereunder.

Distributions

Monthly distributions are paid out to unitholders of record on the last day of each calendar month, no later than the 30th day of the month following each record date.

If the Trustee determines that the Fund does not have sufficient cash to fully pay any distributions, the distribution may include the issuance of freely tradable Trust Units at a price per Trust Unit based upon a weighted average price per Trust Unit at which the Trust Units have traded during the period of the last 10 days during which Trust Units have traded prior to the record date.

Book-Entry System

Registration of interests in and transfers of Trust Units is usually made only through the book-entry system administered by the CDS (the "Book Entry System"). Any purchase and sale of a Trust Unit must be made through a participant in the CDS Depository Service (a "CDS Participant"), which includes securities brokers and dealers, banks and trust companies. All rights of an owner of Trust Units must be exercised through CDS and the CDS Participant through which the owner owns such Trust Units. All distributions on Trust Units will be made by the Fund to CDS and distributions to CDS will be forwarded by CDS to the CDS Participant, and thereafter to the beneficial owner of the Trust Units. Each purchaser of a Trust Unit will receive a customer confirmation of purchase from the registered dealer from whom such Trust Unit is purchased in accordance with the practices and procedures of that registered dealer.

The ability of a beneficial owner of Trust Units to pledge the Trust Units or otherwise take action with respect to such owner's interest therein (other than through a CDS Participant) may be limited due to the lack of physical certificates.

If CDS or its nominee notifies the Fund that it is unwilling or unable to continue as depository, or if at any time, CDS or its nominee ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Fund is unable or does not wish to locate a qualified successor, or if the Fund elects to terminate the Book-Entry System, certificates will be issued to the beneficial owners of Trust Units.

Take-Over Bids

The Trust Indenture contains provisions to the effect that if, within 120 days after the date of a take-over bid within the meaning of the *Securities Act* (Québec), the bid is accepted by the holders of not less than 90% of the Trust Units (other than Trust Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror), then the offeror will be entitled to acquire the Trust Units held by unitholders who did not accept the offer on the same terms that the offeror acquired the Trust Units from the offerees who accepted the take-over bid.

Meeting of Unitholders

The Trust Indenture provides that there shall be an annual meeting of the unitholders immediately prior to, and at the same place as, each annual meeting of holders of GLPT Units for the purpose of: (i) directing and instructing the Trustee as to the manner in which the Trustee shall vote the GLPT Units in respect of (a) the election of trustees of GLPT at the corresponding annual meeting of GLPT unitholders; (b) the appointment of the auditors of GLPT for the ensuing year; and (c) generally, any other matter which requires a resolution of GLPT unitholders; (ii) appointing the auditors of the Fund for the ensuing year; and (iii) transacting such other business as the Trustee may determine or as may be properly brought before the meeting.

A meeting of unitholders may be convened at any time and for any purpose by the Trustee and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 15% of the Trust Units then outstanding by a written requisition.

Unitholders may attend and vote at all meetings of the unitholders either in person or by proxy and a proxy need not be a unitholder.

Limitation on Non-Resident Ownership

At no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Trust Units. The transfer agent and registrar may require declarations as to the jurisdictions in which beneficial owners of Trust Units are resident. If the transfer agent and registrar becomes aware that the beneficial owners of 49% of the Trust Units outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar may make a public announcement thereof and shall not accept a subscription for Trust Units from or issue or register a transfer of Trust Units to a person unless the person provides a declaration that the person is not a non-resident of Canada. If, notwithstanding the foregoing, the transfer agent and registrar determines that more than 49% of the Trust Units are held by non-residents, the transfer agent and registrar may send a notice to non-resident holders of Trust Units, chosen in inverse order to the order of acquisition or registration or in such manner as the transfer agent and registrar may consider equitable and practicable, requiring them to sell their Trust Units or a portion thereof within a specified period of not less than 30 days. If the unitholders receiving such notice have not sold the specified number of Trust Units or provided the transfer agent and registrar with satisfactory evidence that they are not non-residents of Canada within such period, the transfer agent and registrar may on behalf of such unitholders sell such Trust Units and, in the interim, shall suspend the voting and distribution rights attached to such Trust Units. Upon such sale the affected holders shall cease to be holders of Trust Units and their rights shall be limited to receiving the net proceeds of sale of such Trust Units.

Information and Reports

The Fund will provide unitholders with such financial information (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of unitholders' tax returns under the Tax Act or equivalent provincial legislation.

Term of the Fund

The Fund has been established for a term to continue until no property of the Fund is held by the Trustee. The termination, liquidation or winding-up of the Fund may be required by Special Resolution.

Amendments

The Trust Indenture provides that it may be amended by Special Resolution. The Trust Indenture may also be amended by the Trustee for the purpose of (i) ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustee or the Fund; (ii) providing additional protection for the unitholders; (iii) removing any conflicts or inconsistencies in the Trust Indenture or making minor corrections which are, in the opinion of counsel to the Fund, necessary or desirable and not prejudicial to the unitholders; or (iv) making amendments which, in the opinion of counsel to the Fund, are necessary or desirable in the interests of the unitholders as a result of changes in taxation laws.

However, no such amendment may modify the right to one vote per Trust Unit or reduce the fractional undivided interest in the property of the Fund represented by any Trust Unit without the consent of the holder of such Trust Unit, and no amendment shall reduce the percentage of votes required to be cast at a meeting of the unitholders for the purpose of amending the provisions of the Trust Indenture on amendments thereto without the consent of the holders of all of the Trust Units then outstanding.

GLPT- The GLPT Indenture

The Trustee, with direction and instruction from the unitholders, elect the GLPT Trustees. The GLPT Trustees are responsible for the oversight of GLPT and its subsidiaries in accordance with the GLPT Indenture. As such, this Annual Information Form provides information on GLPT and the GLPT Trustees.

GLPT is an unincorporated open-ended trust created pursuant to the GLPT Indenture and governed by the laws of Québec. It is a limited purpose trust and is restricted essentially to the ownership, operation and lease of assets and property in connection with the generation, accumulation, transmission, distribution, purchase and sale of electricity, as well as having investments and other direct or indirect rights in, and the conduct of the business of, the generation, accumulation, transmission, distribution, purchase and sale of electricity, and other ancillary matters. The GLPT Indenture contains provisions substantially similar to those of the Trust Indenture.

As long as Brookfield Power owns at least 10% of the outstanding Trust Units of the Fund or in certain other limited circumstances, Brookfield Power shall be entitled to propose in the proxy-related materials sent to holders of Trust Units the nominees for election of the GLPT Trustees. If Brookfield Power owns less than the majority of the outstanding Trust Units of the Fund, then a majority of the GLPT Trustees which may be proposed by Brookfield Power must be "independent" to Brookfield Power (as such term is defined in Section 1.4 of Multilateral Instrument 52-110 – Audit Committees) and up to three of the remaining trustees may be "related" to Brookfield Power. If Brookfield Power owns more than 50% of the Trust Units, then a majority of the proposed trustees may be "related" to Brookfield Power and at least three of the remaining proposed trustees would be required to be "independent" to Brookfield Power. While Brookfield Power will be entitled to propose certain nominees for trustees in the circumstances described above, there is no requirement that the holders of Trust Units (including Brookfield Power) vote in favour of the nominees proposed by Brookfield Power. The GLPT Indenture also provides for the disqualification and removal of certain of the GLPT Trustees between meetings of holders of Trust Units at which trustees are elected in the event the ownership of Trust Units by Brookfield Power or its status as agent under certain agreements varies between such meetings.

As long as the Fund is a reporting issuer in any jurisdiction in Canada (as defined in applicable securities legislation), at least three of the trustees must be "independent" to Brookfield Power.

While Brookfield Power is entitled to propose a majority of related trustees to the Board of Trustees, currently the majority of the members of the Board of Trustees are independent.

The GLPT Indenture provides that the GLPT Trustees must act honestly and in good faith with a view to the best interests of GLPT and, in connection therewith, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The GLPT Indenture provides that a trustee thereunder will be entitled to indemnification from GLPT in respect of the performance of his duties under the GLPT Indenture if (a) he acted with prudence and diligence and in good faith with a view to the best interests of GLPT and the holders of GLPT Units; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing his conduct was lawful.

RATINGS

The Fund's stability and debt are rated by two rating agencies. We continuously strive to maintain and improve these ratings. At December 31, 2006, the stability ratings of the Fund were as follows:

Standard & Poor's	SR-2	Stable
DBRS	STA-2 ⁽¹⁾	High

⁽¹⁾ DBRS placed the Fund and other select Canadian income funds "under review with developing implications" following the federal government's announcement to make significant changes to the way in which income trusts are taxed in the future.

Some of the Fund's long-term debt is also rated by DBRS. At December 31, 2006 the ratings were as follows:

Québec	A (Low)	DBRS
Ontario	A (Low)	DBRS
British Columbia	A (Low)	DBRS

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. Each of the above rating agencies rate debt instruments with ratings ranging from "AAA", which represent the highest quality of securities, to "D", which represent securities that are in payment default. Debt instruments that are rated in the A category by DBRS are of satisfactory credit quality. Protection of interest and principal is considered substantial but with a degree of strength that is less than that of AA rated entities. Entities in this category are more susceptible to adverse economic conditions and have greater cyclical tendencies than those rated AA and AAA. A DBRS rating may be modified by the addition of a "(high)" or "(low)" to indicate the relative standing of a credit within a particular rating category.

S&P currently rates the Fund SR-2 with a stable outlook. Such stability rating indicates a very high level of cash distribution stability relative to other Canadian income funds. The Fund's rating is supported by the low risk, low cost and long life of its generating asset base that contribute to long-term operational stability. S&P has indicated that the higher than average debt leverage is a risk consideration as it translates into greater subordination of unitholder entitlement to cash flow, weaker cash flow protection and reduced financial flexibility.

The S&P stability rating provides an assessment of the Fund's ability to provide stable cash distributions over the long-term. The rating can range from a high credit rating of SR-1 to a low of SR-7 and can have a positive, stable or negative outlook.

DBRS has assigned the Fund a rating of STA-2 (high) indicating a very good stability and sustainability of distributions. This rating is based on the Fund's superior quality hydroelectric generating assets that have very long operating lives and minimal maintenance capital expenditure requirements. The price guarantee provided by Brookfield Power Inc. is also a key factor supporting the rating. DBRS believes that the key challenge for the Fund is the hydrological risk which is partially offset by the Fund's geographically diversified asset location.

The DBRS stability rating measures the long-term stability and sustainability of the Fund's distributions using a scale ranging from STA-1 to STA-7, highest to lowest credit respectively, with subcategories of high, middle and low. This rating takes into accounts factors such as asset quality, diversification, financial profile, and other operating characteristics.

The ratings herein mentioned are not a recommendation to purchase, sell or hold the Trust Units and do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely by either or both of S&P and/or DBRS in the future if, in their judgment, circumstances so warrant.

TRUSTEES AND OFFICERS

CIBC Mellon Trust Company acts as the Fund's sole trustee.

The Fund has three executive officers who are appointed by CIBC Mellon Trust Company following the annual meeting of unitholders. The following table sets forth certain information with respect to the three officers of the Fund.

Name and Municipality of Residence	Office held with the Fund	Principal Occupation
Richard Legault Gatineau, Québec, Canada	President and Chief Executive Officer	President and Chief Operating Officer, Brookfield Power
Donald Tremblay Gatineau, Québec, Canada	Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer, Brookfield Power
Patricia Bood Ottawa, Ontario, Canada	Secretary	Vice President of Legal Services and General Counsel, Brookfield Power

All of the officers listed above have held their current positions in the Fund or Brookfield Power or affiliates for the past five years except for Patricia Bood who prior to March 2003, was employed by Blake, Cassels & Graydon LLP.

Pursuant to the terms of the GLPT Indenture, there are seven GLPT Trustees. A majority of the GLPT Trustees are independent to Brookfield Power; as such term is defined in Regulation 52-110 Respecting Audit Committees ("52-110"). The term of office of each trustee shall expire at the next annual meeting of GLPT unitholders unless a trustee otherwise resigns, is removed or disqualified pursuant to the terms of the GLPT Indenture.

The following table sets forth certain information with respect to the seven GLPT Trustees.

Name and Municipality of Residence	Principal Occupation	GLPT Trustee Since:
André Bureau, O.C. ⁽⁴⁾⁽⁶⁾ * Montréal, Québec, Canada	Chairperson of the Board of Astral Media Inc. (Communications), and counsel with the law firm of Heenan Blaikie	November 18, 1999
Dian Cohen, C.M. ⁽¹⁾⁽³⁾ * Toronto, Ontario, Canada	President of DC Productions Limited (Economic consultants)	November 18, 1999
Pierre Dupuis ⁽¹⁾⁽³⁾ * Sutton, Québec, Canada	Corporate Director	November 18, 1999
Harry A. Goldgut ⁽⁵⁾ Thornhill, Ontario, Canada	Chairman and CEO of Brookfield Power Inc.	November 18, 1999
Kenneth W. Harrigan, O.C. ⁽²⁾ * Oakville, Ontario, Canada	Corporate Director	November 18, 1999
Edward C. Kress ⁽⁵⁾ Toronto, Ontario, Canada	Group Chairman of Brookfield Power Inc.	November 18, 1999
Richard Legault ⁽⁵⁾ Gatineau, Québec, Canada	President and COO of Brookfield Power Inc.; President and CEO of Brookfield Energy Marketing Inc.	May 2, 2001

- (1) Member of the Audit Committee
- (2) Chair of the Audit Committee
- (3) Member of the Governance, Nominating and Compensation Committee
- (4) Chair of the Governance, Nominating and Compensation Committee
- (5) Related to Brookfield Power Inc.
- (6) Chair of the Board of Trustees

* “Independent” Trustees as defined in Regulation 52-110 – Audit Committees

The Trustees have been engaged in their principal occupations with his or her present employer or its predecessor or affiliates for at least five years, with the exception of Pierre Dupuis, who prior to January 1, 2005, was Vice-President and Chief Operating Officer of Dorel Industries Inc. (manufacturer and distributor of furniture).

As of December 31, 2006, the officers of the Fund and the GLPT Trustees, as a group, beneficially owned, directly or indirectly, or exercised control or direction over less than 1% of the issued Trust Units of the Fund.

The information as to Units beneficially owned or over which control or direction is exercised, not being within the knowledge of the Fund, was taken from public insider filings.

For more information on the officers of the Manager, please see the Information Circular which can be found at www.sedar.com.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No trustee or executive officer of the Fund, or unitholder holding a sufficient number of securities of the Fund to affect materially the control of the Fund

- (a) is, as the date of this Annual Information Form or has been, within the 10 years before the date of the Annual Information Form, a director or executive officer of any company, including the Fund, that while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of the Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

CONFLICT OF INTEREST

The Fund is not aware of any existing or potential material conflicts of interest between the Fund or any of its, direct and indirect, subsidiaries and any director, trustee or officer of the Fund or its subsidiaries.

TRANSFER AGENT, AND REGISTRAR

The Transfer Agent and Registrar for the Fund is CIBC Mellon Trust Company in Montreal, Québec.

LEGAL PROCEEDINGS & REGULATORY ACTIONS

There are no material legal proceedings or regulatory actions involving the Fund or its subsidiaries.

MATERIAL CONTRACTS

The Fund has not entered into any material contracts outside of the ordinary course of business since January 1, 2002 except for the following credit facilities:

PREI First Mortgage Bonds

On July 24, 2002, PREI issued first mortgage bonds through a private placement debt offering consisting of \$75 million Series 1 first mortgage bonds, bearing an annual interest rate of 6.387% payable quarterly and maturing on July 24, 2009. The PREI first mortgage bonds are secured by a first ranking lien on all PREI assets. The proceeds were used to repay the two acquisition bridge facilities: (i) a \$70 million senior term loan provided by Canadian chartered banks which matured on August 1, 2002 and bore interest at the Bankers Acceptance Rate plus 1.25%; and (ii) a junior term loan provided by an affiliate of the Fund which matured on August 1, 2002 and bore interest at the Bankers Acceptance Rate plus 3.5%.

GLHA Senior Secured Notes

The Fund refinanced US\$110 million and US\$15 million, in May and September 2004 respectively, with senior secured notes. The US\$110 million and US\$15 million notes are secured by a first ranking lien on all GLHA assets, bear an annual interest rate of 5.54% (US\$110 million) and 6.04% (US\$15 million) payable quarterly, and mature on May 28, 2014. Proceeds of the senior secured notes partially repaid the GLHA Bridge Facility.

Mississagi First Mortgage Bonds

On November 27, 2003 Mississagi Power Trust issued \$175 million of Series 1 First Mortgage Bonds maturing on November 27, 2020. The Bonds bear an annual interest rate of 6.917% payable semi annually and no principal repayment is required before the expiry of the Bonds. Proceeds from the issuance were used to repay the Mississagi Subordinated Bridge Facility and to reduce the GLHA Bridge Facility.

Lièvre Senior Bonds

On October 6, 2005, series 1 senior secured bonds were issued by Lièvre Power Financing Corporation, a GLPT wholly-owned subsidiary, unconditionally guaranteed by Lièvre Power L.P. and secured by, in part, all assets of Lièvre Power L.P. The senior bonds were issued pursuant to a trust indenture between Lièvre Power Financing Corporation, Lièvre Power L.P. and BNY Trust Company of Canada as trustee. The Senior bonds in the amount of \$225 million bear interest at a rate of 5.556% payable quarterly commencing January 6, 2006 until and including October 6, 2025, the maturity date. The proceeds of this offering were used to reimburse the GLPT Bridge Facility and the outstanding balance of existing GLPT line of credit of \$50 million. The remainder was loaned to Lièvre Power L.P.

Carmichael Term Loan Facility

On November 3, 2006, the Fund completed a term loan facility in the amount of \$32 million maturing in November 2011 and bearing interest at a rate of 4.753% with interest and principal payable quarterly commencing in February 2007. An amount of \$12 million will be due at the maturity of the facility. The term loan is secured by the Carmichael Falls assets and will be used to support the Fund's capital expenditure plan.

As at December 31, 2006, the Fund's total outstanding debt of \$653 million was structured as follows:

	Remaining years	Rate	Amount in millions
Lièvre Power	19	5.556%	\$ 225
Powell River	3	6.387%	75
Mississagi Power	14	6.917%	175
Carmichael	5	4.753%	32
Great Lakes Hydro America			
Senior Secured Notes (US\$110 million)	8	5.54%	129
Senior Secured Notes (US\$15 million)	8	6.04%	17
			\$ 653

At December 31, 2006, the Fund's weighted average interest rate and term to maturity for long-term debt were 5.9 percent and 13 years respectively.

More information concerning the Fund's debt obligations are available in its Annual Report found on SEDAR at www.sedar.com.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under the Regulation 52-110 – Audit Committees.

Audit Committee Charter

The Audit Committee Terms of Reference is attached as **Schedule A** to this Annual Information Form.

Composition of the Audit Committee

In fiscal year 2006, the Audit Committee was composed of the following three GLPT Trustees: Kenneth Harrigan (Chairperson), Dian Cohen, and Pierre Dupuis. Each director is considered “independent” and “financially literate” (as such terms are defined in MI 52-110).

Relevant Education and Experience

Each member of the Audit Committee is financially literate, i.e., has the ability to read and understand financial statements. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Terms of Reference. The education and past experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member can be found in the Fund's Management Information Circular for its 2007 annual general meeting located on SEDAR at www.sedar.com.

Pre-Approval Policies and Procedures

The Board, upon the recommendation of the Audit Committee, has adopted a written policy on auditor independence (the “Policy”). Under the Policy, except in very limited circumstances, all audit and permitted non-audit services are required to be pre-approved by the Audit Committee. The Policy prohibits the auditors from providing the following types of non-audit services:

1. Bookkeeping or Other Services Related to the Fund’s Accounting Records or Financial Statements.
2. Appraisal or Valuation Services or Fairness Opinions.
3. Actuarial Services.
4. Management Functions or Human Resources.
5. Broker-Dealer, Investment Adviser, or Investment Banking Services.
6. Legal Services and Expert Services Unrelated to the Audit.
7. Internal Audit Outsourcing.
8. Financial Information Systems Design and Implementation.

The Policy permits the auditors to provide other types of non-audit services, including tax services, but only if approved in advance by the Audit Committee, subject to limited exceptions.

The Policy also addresses issues relating to the disclosure of fees paid to the auditors.

External Auditor Service Fees (by Category)

For the years ending December 31, 2006 and 2005, the auditors of the Fund received fees from the Fund as detailed below:

	2006 (\$)	2005 (\$)
Audit Fees	264,101	169,584
Audit-Related Fees	11,800	40,000
Tax Fees	0	0
All other Fees ⁽¹⁾	0	39,185

⁽¹⁾ Translation fees, travel expenses incurred for audit committee and annual meetings, Offering Memorandum.

ADDITIONAL INFORMATION

Additional information with respect to the Fund, including remuneration and indebtedness of the Trustee, the officers of the Fund and of the GLPT Trustees; the principal holders of the Trust Units and interest of insiders in material transactions, is contained in the Fund's management information circular for its most recent annual meeting of unitholders. Additional financial information is provided in the Fund's financial statements and MD&A for its most recently completed financial year.

The Fund shall provide any person or company, upon request to the Fund at 480 de la Cité Blvd, Gatineau, Québec, J8T 8R3 by mail, fax at (819) 561-7188, telephone at 1 (888) 327-2722 or (819) 561-2722 or e-mail at unitholderenquiries@greatlakeshydro.com to the attention of Corporate Communications and Investor Relations,;

- (i) when the securities of the Fund are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus:
 - a. one copy of the Fund's latest annual information form, together with a copy of any document, or the relevant pages of any document incorporated therein by reference;
 - b. one copy of the comparative financial statements of the Fund for its most recently completed financial year together with the accompanying auditors' report thereon and one copy of any interim financial statements of the Fund subsequent to the annual audited financial statements;
 - c. one copy of the information circular of the Fund in respect of its most recent annual meeting of unitholders; and
 - d. one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under a. to c. above; or
- (ii) at any other time, one copy of any other documents referred to in (i) a. to c. above, provided that the Fund may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the Fund.

Additional information relating to the Fund may be found on SEDAR at www.sedar.com.

SCHEDULE A – AUDIT COMMITTEE MANDATE

GREAT LAKES POWER TRUST

GREAT LAKES HYDRO INCOME FUND

A committee of the board of Trustees of Great Lakes Power Trust (“GLPT”) to be known as the Audit Committee (the “Committee”) shall have the terms of reference set out below.

MEMBERSHIP AND CHAIRPERSON

Following each annual meeting of unitholders of Great Lakes Hydro Income Fund (the “Fund”), the board of Trustees of GLPT (the “Board”) shall appoint from its number three Trustees to serve on the Committee until the close of the next annual meeting of unitholders of the Fund or until the Member ceases to be a Trustee, resigns or is replaced, whichever first occurs. Any Member may be removed from office or replaced at any time by the Board.

All of the Members shall be “*independent*” and “and “*financially literate*” within the meaning of the corporate governance guidelines of the applicable regulatory authorities.

The Board shall appoint one of the Members as the chairperson of the Committee. If the chairperson is absent from a meeting, the other Members shall select a chairperson from those in attendance to act as chairperson of the meeting.

RESPONSIBILITIES

Financial Reporting and Process Review:

The Committee shall generally assume responsibility for developing the approach of the Fund to the following matters: publicly disclosed financial information; financial accounting and reporting; internal control; risk management and insurance; external audits; and shall review and make recommendations to the Board on all such matters.

The Committee or its Chairperson shall also comply with any audit, accounting and disclosure-related responsibilities of the Audit Committee or its Chairperson as set forth in the Code of Business Conduct & Ethics, and review or respond to any inquiries of a financial nature brought pursuant to the Code.

The Committee shall:

- (i) review and, where appropriate, recommend for approval by or report to the Board on the Fund’s interim financial statements, audited annual financial statements, in conjunction with the report of the external auditors; management’s discussion and analysis of financial condition and results of operations, and annual and interim earnings press releases before the Fund publicly discloses this information;
- (ii) be satisfied that adequate procedures are in place for the review of the Fund’s public disclosure documents extracted or derived from the Fund’s audited or unaudited financial information, and must periodically assess the adequacy of those procedures;
- (iii) review the effectiveness of management’s policies and practices concerning financial reporting and any proposed changes in major accounting policies;
- (iv) review the Fund’s major financial and risk management policies and the steps taken by management to mitigate those risks;
- (v) review any report which accompanies published financial statements (to the extent such a report

discusses financial condition or operating results) for consistency of disclosure with the financial statements themselves;

- (vi) review with the management, the external auditors and, if necessary, with legal counsel, that could have a material effect upon the financial position or operating results of the Trust, any litigation, claims, tax assessments, transactions or other contingencies as the external auditors or management may bring to its attention and which may have a material impact on financial results or which may otherwise adversely affect the financial well-being of the Fund or its subsidiaries and the manner in which these matters will be disclosed;
- (vii) review all proposed related party transactions and situations involving a conflict of interest that are not required to be dealt with by an “independent special committee” pursuant to applicable securities law rules (and where appropriate under applicable laws, the Committee may sit as an independent special committee);
- (viii) establish procedures for:
 - a. the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal accounting controls, or auditing matters; and
 - b. the confidential anonymous submission by employees of the Fund of concerns regarding questionable accounting or auditing matters; and
- (ix) consider any other matters of a financial nature as directed by the Board or which, in its judgment, should be taken into account in reaching its recommendation to the Board.

External Auditors:

The external auditors of the Fund shall report directly to the Committee.

The Committee shall have the following responsibilities in relations with the external auditors:

- (i) to recommend to the Board of Trustees the external auditors to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Fund, subject to ratification by the unitholders of the Fund as required, and the approval of the fees and expenses of such external auditors;
- (ii) to oversee the work of the external auditor, review the terms of the engagement letter and resolve disagreements between management and the external auditor on financial reporting;
- (iii) to receive, at least annually, a report from the external auditors on their independence and to review any relationships between the external auditors and the Fund or any other relationships that may adversely affect the independence of the external auditors and, based on such review, to assess their independence;
- (iv) to determine, through discussions with the external auditors, that no restrictions were placed by management on the scope of their examination or on its implementation;
- (v) to approve the Fund’s policy on non-audit related work by its external auditors, including the Fund’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Fund, and pre-approve or reject any proposed non-audit related work to be conducted by the external auditors for the Fund; and
- (vi) to meet with the external auditors in private sessions, at least annually, to review any matters arising from their annual audit.

The Committee shall report to the board on its proceedings, reviews undertaken and any associated recommendations.

MEETINGS

Meetings of the Committee may be called by the chairperson of the Committee or the Chairperson of the Board. Meetings will be held each quarter. Special meetings may be held at the request of any Member, or at the request of the external auditors or the Board.

The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the Members from time to time. Unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure.

Notice of each meeting shall be given to each Member and to the Chairperson of the Board. Notice of meeting may be given verbally or by letter, telex, telegram, telephone facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held.

Matters decided by the Committee shall be decided by majority vote.

The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussions and consideration of the affairs of the Committee.

The Committee shall appoint a secretary to be the secretary of all meetings of the Committee and to maintain minutes of all meetings and deliberations of the Committee.

Adopted July 26, 2005

GLOSSARY

Capacity: The amount of electric power delivered or required for which a generator, turbine, transformer, transmission circuit, station, or system is rated by the manufacturer.

Energy: The capacity for doing work. Forms of energy include: thermal, mechanical, electrical and chemical. Energy may be transformed from one form into another. Electrical energy is usually measured in kilowatthours, while heat energy is usually measured in British thermal units.

Generation: The process of producing electric energy by transforming or connecting other forms of energy such as steam, heat or falling water.

Gigawatt (GW): One billion watts.

Gigawatt Hour (GWh): One gigawatt hour (GWh) equals one million kilowatt hours. A kilowatt hour (KWh) is equivalent to the energy consumed by a 100 watt light bulb burning for 10 hours.

Grid: A synchronized transmission network that delivers electricity from generating stations to local distributors and other large users at high voltage.

Hydroelectric Plant: A plant in which the turbine generators are driven by falling water.

Installed Capacity: Capacity measured at the output terminals of a hydroelectric station calculated on the basis of the anticipated maximum load or simultaneous maximum demand which the generating station is expected to meet.

Kilowatt (kW): A unit of electrical power equal to one thousand watts.

Kilowatt-hour (kWh): A unit of electrical energy, which is equivalent to one kilowatt of power, used for one hour. One kilowatt-hour is equal to 1,000 watt- hours. An average household will use between 800 - 1300 kWh per month depending upon geographical area.

Long-term Average (LTA): The expected annual generation based on observed inflows and current asset base, measured in gigawatt hours (GWh).

Megawatt (MW): One megawatt equals one thousand kilowatts. A kilowatt is the electrical energy required to turn on ten 100 watt light bulbs and is equivalent to 1.34 horsepower.

Megawatt-hour (MWh): One million watt-hours of electric energy. A unit of electrical energy which equals one megawatt of power used for one hour.

Power: A term usually meant to imply both capacity and energy.

Renewable Resource: A power source that is continuously or cyclically renewed by nature, i.e. solar, wind, hydroelectric, geothermal, biomass or similar sources of energy.

Reservoir: A lake or body of water used to store water for later use in the production of electricity.

System: A combination of generation transmission and distribution components comprising an electric utility or group of utilities.

Transmission Grid: An interconnected system of electric transmission lines and associated equipment for the transfer of electric energy between points of supply and points of demand.