

Appendix G

Form of

Parent Company Guarantee

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DATE OF GUARANTEE

This Guarantee (as amended, supplemented or otherwise modified from time to time, this "Guarantee"), is made and entered into as of the date written above by the following parties:

- (1) Montgomery Energy Billerica Power Partners LP, a Delaware limited partnership whose office is situated at 403 Corporate Woods Drive, Magnolia, Texas 77354 USA (the "Purchaser")
- (2) Rolls-Royce plc, (company number 1003142) a company incorporated in England of 65 Buckingham Gate, London SW1E 6AT, England ("Rolls-Royce")

INTRODUCTION:

- A The Purchaser has entered into a contract with Rolls-Royce Energy Systems Inc. (the "Subsidiary") dated ____, 2007 (ref: _____) (the "Contract").
- B The Subsidiary is a subsidiary company of Rolls-Royce and consequently it is deemed that Rolls-Royce will derive a benefit from the Contract.
- C The Purchaser has required that Rolls-Royce guarantees the Subsidiary's payment obligations under, and performance of, the Contract. Rolls-Royce has agreed to guarantee the Subsidiary's payment obligations under and performance of the Contract in accordance with the terms of this Guarantee.

AGREEMENT:

1 GUARANTEE AND MAXIMUM LIABILITY

- 1.1 Rolls-Royce hereby irrevocably and unconditionally guarantees on demand the complete and proper performance by the Subsidiary of all of Subsidiary's obligations to the Purchaser under the Contract, whether for the payment of money or the performance of obligations to the Purchaser under the Contract (all such obligations, the "Guaranteed Obligations"). This Guarantee is a guarantee of payment and performance and not of collection only.
- 1.2 If the Subsidiary fails for any reason to pay or to perform, or commits a breach of, any of the Guaranteed Obligations, Rolls-Royce undertakes, promptly on written notice from the Purchaser, to pay, perform or remedy (or to procure such payment, performance or remedy) the breach of such Guaranteed Obligations. Notwithstanding the foregoing, as to Guaranteed Obligations which Rolls-Royce is called upon to honor, Rolls-Royce is and shall be entitled to assert any and all claims, counterclaims, defenses, offsets and other rights that the Subsidiary could assert against Purchaser with respect to the Guaranteed Obligations.
- 1.3 The maximum liability of Rolls-Royce under this Guarantee shall not exceed _____ (US\$ _____), and such liability shall not be increased without the prior written consent of Rolls-Royce (not to be unreasonably withheld).

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2 REPRESENTATIONS AND WARRANTIES

Rolls-Royce hereby represents and warrants to the Purchaser that:

- (a) it is duly incorporated and is a validly existing company under the laws of its place of incorporation;
- (b) it has full power and authority to execute, deliver and perform its obligations under this Guarantee and no limitation on its powers will be exceeded as a result of entering into this Guarantee; and
- (c) this Guarantee constitutes a legal, valid and binding obligation of Rolls-Royce, enforceable against Rolls-Royce in accordance with its terms, and is subject to and limited by the provisions of all applicable bankruptcy, insolvency, reorganisation and other laws of general application relating to the rights of creditors generally.

3 EFFECT OF CERTAIN EVENTS

3.1 Rolls-Royce acknowledges and agrees that none of its liabilities under this Guarantee shall be reduced, discharged or released by reason of:

- (a) any arrangement made between the Subsidiary and the Purchaser or any alteration in the obligations undertaken by the Subsidiary under the Contract, including, without limitation, any amendment, renewal, extension or modification of the Contract or any other document related thereto,
- (b) any indulgence, failure, waiver or forbearance of any kind whether as to payment, time, performance or otherwise granted to the Subsidiary by the Purchaser,
- (c) any variation or extension, of any right or remedy which the Purchaser may now or hereafter have from or against the Subsidiary and any other person in respect of any of the obligations and liabilities of any of the Subsidiary and any other person in respect of the Contract,
- (d) any of the administration, insolvency, bankruptcy, reorganization, liquidation or the winding-up of the Subsidiary,
- (e) the merger, consolidation or sale of all or substantially all of the assets of the Subsidiary with or to any other company or entity, or the loss of its corporate identity.

3.2 Subject to clause 10.2 hereof, Rolls-Royce unconditionally waives any duty of Purchaser to advise Rolls-Royce of any information known to Purchaser regarding Subsidiary or its ability to perform under the Contract.

4 ENFORCEMENT

To the fullest extent permitted by applicable law, in the event of any default hereunder, a separate action or actions may be brought against Rolls-Royce, whether or not the Subsidiary is joined therein or a separate action or actions are brought against the Subsidiary.

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5 TERMINATION

This Guarantee shall continue in full force and effect until such time as all of the Guaranteed Obligations have been fully performed or otherwise extinguished pursuant to the terms of the Contract, but in any event this Guarantee shall terminate and expire on _____ (being the last day of the _____ (____th) month from the date of this Guarantee). If for any reason not attributable to the Purchaser, the term of the Contract or any warranty period under the Contract is extended, the expiration date of this Guarantee shall, with the prior written consent of Rolls-Royce (not to be unreasonably withheld), also be extended to the same date.

6 SUBROGATION

6.1 Rolls-Royce agrees that until the payment and performance in full of all of the Guaranteed Obligations:

(a) Rolls-Royce shall not exercise any right or remedy arising by reason of any performance by it of this Guarantee, whether by subrogation or otherwise, against the Subsidiary, and

(b) All obligations from time to time owing from the Subsidiary to Rolls-Royce in connection with the Contract or this Guarantee whenever arising, shall be subject and subordinate to the prior payment or performance in full of the Guaranteed Obligations then due and payable or performable by the Subsidiary.

6.2 From and after the date upon which all of the Guaranteed Obligations have been fully paid or performed, Rolls-Royce shall be entitled to exercise or receive the benefit of any right of subrogation, security or other right or benefit from or against the Subsidiary (however arising) in respect of any liability of or payment by Rolls-Royce under this Guarantee or otherwise in connection with this Guarantee.

7 BENEFIT AND ASSIGNMENT

This Guarantee is for the benefit of and is enforceable by Purchaser and not for the benefit of or enforceable by any other person. This Guarantee shall be binding upon Rolls-Royce and its successors and assigns. This Guarantee or any rights granted pursuant to this Guarantee shall not be transferred or assigned by the Purchaser without the prior written consent of Rolls-Royce, not to be unreasonably withheld.

8 EXPENSES

Rolls-Royce agrees to reimburse the Purchaser for all reasonable costs and expenses of the Purchaser (including the reasonable fees and expenses of legal counsel) incurred in connection with any enforcement or collection proceeding resulting from or under this Guarantee.

9 NO CONSEQUENTIAL OR PUNITIVE DAMAGES

In no event shall Rolls-Royce be liable hereunder to any party for any special, indirect, or consequential damages of any nature whatsoever, whether based on contract or tort, or for any punitive or exemplary damages.

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10 NOTICE AND COMMUNICATIONS

- 10.1 Any demand or notice under this Guarantee shall be in writing signed by an authorised signatory of the Purchaser and may be served on or by post and either by delivering it to the address of Rolls-Royce set-out above or by dispatching it addressed to Rolls-Royce at Rolls-Royce's registered office for the time being.
- 10.2 Any demand or notice must include, in reasonable detail the particulars of the failure of the Subsidiary to perform the Contract.
- 10.3 Any such demand or notice shall be deemed to have been received at 11am on the next London business day following delivery.

11 LANGUAGE

All notices demands or communications under or in connection with this Guarantee shall be in English.

12 LAW AND JURISDICTION; WAIVER OF JURY TRIAL

- 12.1 THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED UNDER, THE LAWS OF THE STATE OF NEW YORK.
- 12.2 ROLLS-ROYCE HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (OR IF SUCH COURT LACKS JURISDICTION, THE STATE COURTS LOCATED IN NEW YORK COUNTY, NEW YORK) AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS GUARANTEE MAY BE LITIGATED IN SUCH COURTS.
- 12.3 EACH OF ROLLS-ROYCE AND PURCHASER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTEE.

13 SEVERABILITY

If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

14 NO WAIVER

No failure on the part of either party to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege, unless expressly waived by the relevant party in writing. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

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[Signature page follows.]

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IN WITNESS WHEREOF, Rolls-Royce has caused this Guarantee to be duly executed and delivered as of the day and year first above written.

SIGNATORIES

SIGNED and delivered by
ROLLS-ROYCE PLC acting by its
duly authorised attorney
_____ in
the presence of:

Witness

Signature :
Name [PRINT] :
Address :

ACCEPTED AND AGREED

As of the date first written above:

Montgomery Energy Billerica Power Partners LP

By: Montgomery Energy Billerica Power LLC, its general partner

By: _____

Name: _____

Title: Vice President of its general partner

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