

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, being Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER a request for an order(s) pursuant to section 74(1)(b) amending the distribution license of Hydro One Networks Inc. to provide an exemption from compliance with sections 6.2.4.1(e) and 6.2.18(a) of the Distribution System Code in respect of waterpower generating facilities;

AND IN THE MATTER OF a Motion being brought by the Ontario Waterpower Association to review and vary the effective date of the Decision of the Board dated May 5, 2011 and clarified May 10, 2011.

MOTION OF THE APPLICANT (MOVING PARTY)
ONTARIO WATERPOWER ASSOCIATION

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I N D E X

TAB	DESCRIPTION
1.	Notice of Motion of the Applicant (Moving Party), May 25, 2011
2.	Connection Cost Agreement, North Bala Small Hydro Project
3.	Connection Cost Agreement, Marter Township
4.	Connection Cost Agreement, Cascade
5.	Connection Cost Agreement, McPherson

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AND IN THE MATTER a request for an order(s) pursuant to section 74(1)(b) amending the distribution license of Hydro One Networks Inc. to provide an exemption from compliance with sections 6.2.4.1(e) and 6.2.18(a) of the Distribution System Code in respect of waterpower generating facilities;

AND IN THE MATTER OF a Motion being brought by the Ontario Waterpower Association to review and vary the effective date of the Decision of the Board dated May 5, 2011 and clarified May 10, 2011;

NOTICE OF MOTION OF THE APPLICANT (MOVING PARTY)

ONTARIO WATERPOWER ASSOCIATION

Pursuant to the Ontario Energy Board's Rules of Practice and Procedure (the "**Rules**"), the Ontario Waterpower Association (the "**OWA**"), on behalf of two its members, will make a motion to the Board for the matter described herein on a date to be determined by the Board at the Board's office located at 2300 Yonge Street, Toronto Ontario. The OWA prefers that this motion be conducted in writing.

THIS MOTION IS FOR:

1. An Order or Orders of the Board varying the Decision of the Board dated May 5, 2011, and amended May 10, 2011 (the "Decision") by:
 - (a) Re-inserting paragraph 7 of Exhibit K2.1 into the exemption granted by the Board as part of the Decision; and
 - (b) Such other relief as the Board deems appropriate.

BASIS FOR THE MOTION:

The basis for the Motion is the following:

2. The OWA is relying upon two of the enumerated grounds of Rule 44.01(a)(i) bring this motion. Rule 44 provides:

44.01 Every notice of a motion made under Rule 42.01, in addition to the requirements under Rule 8.02, shall:

(a) set out the grounds for the motion that raise a question regarding the correctness of the order or decision, which grounds may include:

- (i) error in fact;
- (ii) change in circumstances;
- (iii) new facts have arisen;
- (iv) facts that were not previously placed into evidence in the proceeding and could not have been discovered by the reasonable diligence at the time.

3. The Decision effectively precludes four of the 28 projects that had comprised the Application from the benefit of the Decision. In the Applicant's submission it indicated that Paragraph 7 had been inserted to ensure that each of the 28 projects received the benefit of the Decision.

4. Exhibit K2.1, Paragraph 7, provided:

"Proponents shown on Undertaking Response J1.2 who already paid a 100 per cent deposit prior to May 5, 2011, as required by their Connection Cost Agreement entered into with Hydro One, shall receive a refund from Hydro One in the amount that exceeds the amounts required in paragraphs 1 through 5 above. Hydro One shall pay the said refund to each of the said proponents no later than 30 days after the applicable proponent has entered into a revised Connection Cost Agreement with Hydro One, setting out the payment schedule required herein."

5. The four projects that are the subject of this motion are:

Developer	Project	Date CCA Executed by Proponent	Evidentiary Reference
Swift River Energy LP	North Bala Small Hydro Project	February 23, 2011	Tab 2 Page 6 of the CCA
Xeneca Limited Partnership	Marter Twp. (Project: 12,730)	March 3, 2011	Tab 3 Page 6 of the CCA
Xeneca Limited Partnership	Cascade (Project: 12,670)	March 28, 2011	Tab 4 Page 6 of the CCA
Xeneca Limited Partnership	McPherson (Project: 12,670)	March 28, 2011	Tab 5 Page 6 of the CCA

6. In the letter issued by the Board on May 10, 2011 the Board indicated the following:

“The Board wishes to confirm that the effective date of its Decision and Order was May 5, 2011. The effect of the Board’s Decision and Order was not meant to be extended to those waterpower projects that had paid the full 100% deposit. Those projects paid the full deposit voluntarily and did not choose to apply to the Board for interim relief.”

7. The OWA submits that ability to pay was not the defining criteria upon which the Board made the Decision.
8. The Application filed March 10, 2011 requested immediate interim relief from the requirements of the Distribution System Code (“**DSC**”) pending the outcome of the proceeding.
9. It was not until March 30, 2011, the Notice of Application and Hearing, that the Board responded to the request for interim relief and indicated that additional information would be required to grant interim relief. By March 30, 2011, the time in which each of the four projects had to execute the Connection Cost Agreement had already lapsed.

10. As the Board had not provided a decision regarding the interim relief sought in the Application prior to the date for executing the Connection Cost Agreement with Hydro One Networks Inc. the proponents had no option but to execute the Connection Cost Agreement and pay the deposit or lose the allocated capacity. Therefore, the proponents executed the Connection Cost Agreement.
11. Once the Connection Cost Agreement was executed by the proponent, the proponent was bound by the terms provided therein, including the obligation to pay.
12. Once executed, it was not appropriate to the OWA in the circumstance to request interim relief on a retroactive basis for such projects when the ultimate determination by the Board was not yet known. Rather than potentially changing agreements multiple times, the OWA and the proponents chose to await the outcome of the proceeding and the Board's Decision.

MATERIALS TO BE RELIED UPON:

13. The OWA will rely upon the following materials:
 - (a) The evidentiary record to date of this proceeding;
 - (b) The *Ontario Energy Board Rules of Practice and Procedure*; and
 - (c) Such other materials as counsel may be advised and this Board will permit.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

ONTARIO WATERPOWER ASSOCIATION



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TO:

THE ONTARIO ENERGY BOARD

AND TO:

HYDRO ONE NETWORKS INC.

AND TO:

CANADIAN MANUFACTURERS & EXPORTERS

Connection Cost Agreement

between

Swift River LP

and

Hydro One Networks Inc.



FOR

**THE CONNECTION OF A 5 MW GENERATION FACILITY
TO HYDRO ONE'S DISTRIBUTION SYSTEM**

Swift River LP (the "**Generator**") has requested and Hydro One Networks Inc. ("**Hydro One**") is agreeable to performing the work required to connect the Generation Facility to Hydro One's distribution system at the Point of Common Coupling on the terms and conditions set forth in this **Connection Cost Agreement** which includes Schedules "A" (Scope of Work), "B" (Generator Connection Work), "C" (Estimated Allocated Cost of Connection and Miscellaneous), "D" (Offer to Connect); and "E" (Allocated Cost of Connection Statement) and the Standard Terms and Conditions V2010-3 (the "**Standard Terms and Conditions**") attached hereto (collectively, the "**Agreement**").

I. Representations and Warranties

The Generator represents and warrants to Hydro One as follows, and acknowledges that Hydro One is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) the Generation Facility is fully and accurately described in the Application;
- (b) all information in the Application is true and correct;
- (c) if the Generator is a corporation or other form of business entity, the Generator is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
- (d) the Generator has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (e) this Agreement constitutes a legal and binding obligation on the Generator, enforceable against the Generator in accordance with its terms;
- (f) any individual signing this Agreement on behalf of the Generator has been duly authorized by the Generator to sign this Agreement and has the full power and authority to bind the Generator; and
- (c) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada) and its HST registration number is 85977 0778 RT0001.

Hydro One represents and warrants to the Generator as follows, and acknowledges that the Generator is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) Hydro One is duly incorporated under the laws of Ontario;
- (b) Hydro One has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (c) this Agreement constitutes a legal and binding obligation on Hydro One, enforceable against Hydro One in accordance with its terms; and
- (d) any individual signing this Agreement on behalf of Hydro One has been duly authorized by Hydro One to sign this Agreement and has the full power and authority to bind Hydro One; and
- (e) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada) and its HST number is 87086-5821-RT0001.

II. Except as expressly set out in this Agreement, this Agreement shall be in full force and effect and binding on the parties upon the date that this Agreement was executed by Hydro One and shall expire on the date that is after the latest of:

- (a) Hydro One performing all of the Hydro One Connection Work;
- (b) the Generator paying all amounts required to be paid by the Generator under the terms of this Agreement; and
- (c) where applicable, Hydro One refunding the Deposits in accordance with the terms of this Agreement (the "**Term**").

For greater certainty, Hydro One shall not be obligated to execute this Agreement until such time as the Generator has paid all amounts required to be paid by the Generator upon the execution of this Agreement by the Generator, including, the Connection Cost Deposit.

Termination of this Agreement for any reason shall not affect the liabilities of either party that were incurred or arose under this Agreement prior to the time of termination. Termination of this Agreement for any reason shall be without prejudice to the right of the terminating Party to pursue all legal and equitable remedies that may be available to it including, but not limited to, injunctive relief.

III. Permitted Deviations and Exceptions to Mandatory TIR Requirements

The following are the only deviations from and exceptions to Hydro One's "Distributed Generation Technical Interconnection Requirements: Interconnections at Voltages 50kV and Below" (the "TIR") that Hydro One has accepted in respect of the Connection of this Generation Facility and a description of the alternatives that Hydro One has accepted and the work that the Generator has agreed to perform in consideration of Hydro One accepting such deviations and exceptions:

None.

IV. Any notice, demand, consent, request or other communication required or permitted to be given or made under or in relation to the Agreement shall be given or made: by courier or other personal form of delivery; by registered mail; by facsimile; or by electronic mail. Notices to the Generator shall be addressed to Anthony Zwig, 2300 Yonge Street, Suite 801, Box 2300, Toronto, Ontario, M4P 1E4, telephone number: 416-864-9977 ext 8252, fax number: 416-864-9568, e-mail address: azwig@horizonlegacy.com. Notices to Hydro One shall be addressed to the Business Customer Centre, Attn: Generation Connection Application, 185 Clegg Road, Markham, Ontario, L6G 1B7, e-mail address: dxgenerationconnections@hydroone.com, telephone number: 1-877-447-4412 (select option 2)

A notice, demand, consent, request or other communication shall be deemed to have been made as follows:

- (a) where given or made by courier or other form of personal delivery, on the date of receipt;
- (b) where given or made by registered mail, on the sixth day following the date of mailing;
- (c) where given or made by facsimile, on the day and at the time of transmission as indicated on the sender's facsimile transmission report; and
- (d) where given or made by electronic mail, on the day and at the time when the notice, demand, consent, request or other communication is recorded by the sender's electronic communications system as having been received at the electronic mail destination.

V. The Generator acknowledges and agrees that the Generator has read and understands Section 6.2.4.1 of the Code. Furthermore unless the Generation Facility is a Capacity Allocation Exempt Small Embedded Generation Facility or the Generator is not an Embedded Retail Generator, the Generator acknowledges and agrees that upon the occurrence of any of the events described in Subsection 6.2.4.1e ii., iii., iv. and v. of the Code or the termination or cancellation of the Project:

- (a) Hydro One shall remove the Generator's capacity allocation;
- (b) the Generator's Capacity Allocation Deposit and/or any Additional Capacity Allocation Deposit paid pursuant to the terms of this Agreement are hereby forfeited by the Generator and will be retained by Hydro One in a deferral account for disposition by the OEB; and
- (c) this Agreement will be deemed to be terminated and any unspent Connection Cost Deposit will be returned to the Generator in accordance with Section 19 of the Standard Terms and Conditions.

For the purposes of Subsection 6.2.4.1e.v of the Code, a default of this Agreement shall include a Generator Default. Hydro One shall give the Generator written notice of a Generator Default and allow the Generator 30 calendar days from the date of receipt of the notice to rectify the Generator Default, at the Generator's sole expense.

VI. Large Embedded Generation Facility

Where the Generation Facility is a Large Embedded Generation Facility, the following terms apply:

Once the IESO has completed the System Impact Assessment and Hydro One's transmission business unit has completed the Customer Impact Assessment in respect of the proposed connection of the Generation Facility to Hydro One's distribution system, Hydro One will have Hydro One's transmission business unit perform an estimate study to delineate the scope of work of the Upgrade Work and provide an estimate of the Upgrade Costs (the "**TX Estimate Study**"), at the Customer's expense. By no later than 30 days after Hydro One's business unit has delivered the results of the TX Estimate Study, Hydro One shall deliver to the Customer new Schedules "A", "B" and "C" (the "**New Schedules**") to replace Schedules "A", "B" and "C" attached hereto. The New Schedules shall be made a part hereof as though they had been originally incorporated into the Agreement.

By no later than 20 days after the New Schedules have been delivered to the Customer, the Customer shall increase the Connection Cost Deposit the Customer paid on the execution of this Agreement (the "**Original Connection Cost Deposit**") by the difference between the Original Connection Cost Deposit and the Total Estimated Allocated Cost of Connection set out in Section 1.1 of the new Schedule "C" plus applicable Taxes on such difference. Should the Customer fail to pay same:

- (i) this Agreement will be deemed to be terminated and the parties shall be under no legal obligation or have any liability of any nature whatsoever with respect to the matters described herein;
- (ii) Hydro One will remove the Generator's capacity allocation;
- (iii) the Generator's Capacity Allocation Deposit and/or any Additional Capacity Allocation Deposit paid pursuant to the terms of this Agreement will be forfeited by the Generator and will be retained by Hydro One in a deferral account for disposition by the OEB; and
- (iv) the Original Connection Cost Deposit less the Actual Cost of the TX Estimate Study (plus applicable Taxes) will be returned to the Generator.

For greater certainty, the Customer acknowledges and agrees that Hydro One will not perform any Hydro One Connection Work until Hydro One has increased the Connection Cost Deposit by the difference between the Original Connection Cost Deposit and the Total Estimated Allocated Cost of Connection set out in Section 1.1 of the new Schedule "C" plus applicable Taxes.

VII. Upstream Transmission Work and Upstream Transmission Rebates

Hydro One's estimate of the Upstream Costs and/or Upstream Transmission Rebates payable by the Generator as set out in Section 1.1. of Schedule "C" of this Agreement, if any, are based on transmission planner estimates as opposed to a Class "C" estimate.

Hydro One's transmission business will perform a Class "C" estimate of the Upstream Transmission Work. If the Class "C" estimate of the cost of the Upstream Transmission Work is greater than the Planner's Estimate of the cost of the Upstream Transmission Work, Hydro One shall have the right to

require the Generator to increase the Connection Cost Deposit by an amount equal to the difference (plus applicable Taxes). In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit.

Where the Generator is required to pay an Upstream Transmission Rebate and Hydro One's transmission business subsequently performs a Class "C" Estimate of the work previously or currently being performed on Hydro One's transmission system which is the subject of the Upstream Transmission Rebate, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit by an amount equal to the difference (plus applicable Taxes) between the current estimate of the Upstream Transmission Rebate and the new estimate of the Upstream Transmission Rebate. In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit.

[SIGNATURE PAGE FOLLOWS]

VII. This Agreement:


(a) except as expressly provided herein, constitutes the entire agreement between the parties with respect to the subject-matter hereof and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the subject matter hereof;

(b) shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein; and

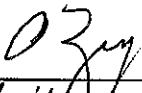
(c) may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

IN WITNESS WHEREOF, Hydro One and the Generator have executed this Agreement in duplicate, as of Execution Date written below.

HYDRO ONE NETWORKS INC.


Name: Myles D'Arcey
Title: Senior Vice-President Customer Operations
Execution Date: April 26 / 2011
I have the authority to bind the Corporation.

**SWIFT RIVER LP, BY ITS GENERAL
PARTNER SWIFT RIVER ENERGY LIMITED**


Name: Anthony Zwig
Title: President

Name:
Title:
Date: 23 February 2011
I/We have the authority to bind the corporation.
The corporation has the authority to bind the Limited Partnership.

Schedule "A": Scope of Work

Part A: Hydro One Connection Work

Hydro One will provide project management, engineering, equipment and materials, construction, commissioning and energization for all work required to be performed in respect of Hydro One's distribution system and transmission system in order to Connect the Generation Facility at the PCC.

This specification roughly describes the line and station works that Hydro One will provide to Connect the Generation Facility to Hydro One's distribution system. This specification is based on the "high-level" results from the Impact Assessment and may change materially which may have a material impact on the In-service Date and/or the Allocated Cost of Connection. Exceptions to the specifications are identified within each sub-project plan. All materials and equipment removed will be scrapped at site unless specifically stated otherwise.

CONNECTION ASSETS:

Part 1a: 44 kV Line Connection

Hydro One will:

- Perform commissioning, customer verification process, and COVER work including, but not limited to, document reviews and acceptance, design reviews and acceptance, and, review and acceptance of COVER.
- Check Hydro One's distribution system protection coordination and settings including High Voltage (HV) side of the Generation Facility.
- Provide metering services to connect the distributed generator:
 - Set up a pending account in CSS for the Generator.
 - Provide Hydro One's retail metering standard for revenue metering to Generator.
 - Review and approve proposed revenue metering design and SLD.
 - Supply and install required revenue meter(s) at the Generator's cost.
 - Check and verify operation of installed revenue metering system based on Hydro One requirements.
- Conduct the distribution line work required to connect the proposed Generation Facility's

tap line to the 44 kV, M1 feeder at the PCC (i.e. line tap connection).

Part 1b: Where Generator's Facilities do not meet the power distance test (CIA results) AND Generator to install dynamic compensation equipment

Intentionally Deleted.

EXPANSION:

Hydro One will:

- Construct a 0.1 km new line from the Point of Connection to the PCC by using 556AL conductors

RENEWABLE ENABLING IMPROVEMENTS:

Hydro One will:

- Perform a feeder check, including phase balancing and protection review
- Upgrade the voltage regulating controller at the Browns JCT RS line voltage regulator and ensure it is capable of co-generation mode with reduced voltage set point and neutral idle mode

UPSTREAM TRANSMISSION WORK:

The following work will be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system:

- Perform a feeder relay upgrade to a D60 relay
- Install Potential Transformers to implement D60 relaying
- Install transfer trip between feeder breaker M1 and the Generation Facility. (Please check if Freewave radio is an option for this site. If not, use the standard NSD570 equipment.) This is the work at Hydro One's end only, and it excludes telecom circuit leasing and work at the Generation Facility's end.
- Distributed Generator End Open (DGEO) signal is required for the Auto-reclose Supervision of the 44 kV, M1 feeder breaker in Muskoka TS.

- The feeder breaker must be capable of sending Transfer Trip and receiving DGEO signals.
- Use Low Set Block Signal (LSBS) from the Generation Facility to the feeder breaker M1 to avoid nuisance tripping due to the Generation Facility's interface transformer magnetizing in-rush current.
- Ensure M1 feeder breaker phase fault protection is directional to avoid nuisance tripping due to adjacent feeder faults.
- Metering devices for M1 feeder need to be compatible with reverse flow
- Full monitoring is required to monitor the operation of the Generation Facility [Power output (real power/ reactive power), voltage, and breaker position].
- Upgrade SCADA Infrastructure at Muskoka TS to support connection of this project

Non-Customer Initiated Scope Change(s) may be made by Hydro One without the written consent of the Customer accepting new pricing and schedule impact. If the Customer does not accept the new pricing and schedule impact, Hydro One will not be responsible for any delay in the In-service Date as a consequence thereof.

Note:

Portions of the work described in Part A and Part B above may not be performed by Hydro One or the Host Distributor, as the case may be, until after the Generation Facility has been connected to Hydro One's distribution system, including, but not limited to de-mobilization work, changes to Hydro One's or the LDC's documentation for their respective facilities, Field Mark prints (FMP) etc.

PART B: UPSTREAM HOST DISTRIBUTOR WORK

Nil.

PART C: CHANGES TO SCOPE OF WORK

Any change in the scope of the Hydro One Connection Work as described in this Agreement whether they are initiated by the Generator or are Non-Customer Initiated Scope Changes, may result in a change to the Estimated Allocated Cost of Connection and the schedule, including the In-service Date.

All scope changes initiated by the Generator must be made in writing to Hydro One. Hydro One will advise the Generator of any cost and schedule impacts of the scope changes initiated by the Generator. Hydro One will advise the Generator of any material cost and/or material schedule impacts of any Material Non-Customer Initiated Scope Changes.

Hydro One will not implement any scope changes initiated by the Generator until written approval has been received from the Generator accepting the new pricing and schedule impact.

Hydro One will implement all Non-Customer Initiated Scope Change(s) until the estimate of the cost of the Non-Customer Initiated Scope Change(s) made by Hydro One reaches 10% of the total Estimated Allocated Cost of Connection. At that point, no further

Schedule "B": Generator Connection Work

Part 1: General Project Requirements:

The Generator shall:

(a) enter into a Connection Agreement with Hydro One at least 30 days prior to the first Connection to Hydro One's distribution system;

(b) ensure that project data is made available or provided to Hydro One as required by Hydro One;

(c) ensure that the work performed by the Generator and others required for successful installation, testing and commissioning of protective and metering equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;

(d) obtain a certificate of inspection or other applicable approval to be issued or given by the Electrical Safety Authority in relation to the Generator's Facilities;

(e) provide a dedicated dial-up business telephone circuit for the metering equipment in accordance with Hydro One requirements;

(f) provide telephone communication between Hydro One's operator and the Generator's Operator;

(g) make any changes to the Generator's Facilities required for compliance with the *Electrical Safety Code*;

(h) complete its engineering design and provide Hydro One with detailed electrical drawings at least six (6) months prior to the In-service Date mutually agreed by the parties or as reasonably required by Hydro One; and

(i) Provide a COVER that is signed by a Professional Engineer registered in Ontario.

(j) Provide Distributed Generator End Open signal to support automatic re-closing

(k) Provide a Low-Set Block Signal to block feeder low-set protection operations during transformer energization.

(l) Ensure that the Generation Facilities are in compliance with the CIA

(m) Construct and own a line tap totaling 0.5 km

(n) Provide a 3Φ load interrupter device with visible separation of contacts and in compliance with (OESC) at the PCC

(o) Install, operate and own an automatic isolating device at PCC to isolate the proposed line tap

Items (d), (e), and (f) of Part 1 above shall survive the termination of this Agreement.

Part 2: Line tap and Grounding Related Issues

The Generator shall furnish and install a disconnection switch at the PCC for the Generation Facility that opens, with a visual break, all ungrounded poles of the connection circuit. The disconnection switch at the PCC shall be rated for the voltage and fault current requirements of the Facility, and shall meet all applicable CSA standards, ESA requirements, and all other Applicable Laws. The switch enclosure, if applicable, shall be properly grounded. The disconnection switch at the PCC shall be accessible at all times, located for ease of access to Hydro One's personnel, and shall be capable of being locked in the open position.

Part 3: Teleprotection at the Generator's Facilities

The Generator will:

- Accept Transfer Trip Signals from Hydro One's M1 feeder breaker
- Provide Distributed Generator End Open Signal to the Hydro One M1 feeder breaker

Part 3 shall survive the termination of this Agreement.

Part 4: Telecommunications

Prior to the Connection of the Generator's Facilities, the Generator will:

- Provide communications cable entrance facility and cable protection at the Generator's Facilities for telephone circuit for metering and any transfer trip or breaker status if required.
- Be responsible for all monthly leasing costs, and, if required in the future, be responsible for the yearly leasing charge (per pair) for Hydro One's neutralizing transformer capacity. This requirement will be a term in the Connection Agreement.
- Provide circuit routing.

Part 4 shall survive the termination of this Agreement.

Part 5: Work Eligible for Alternative Bid

Not Applicable

Part 6: Revenue Metering

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, the Generator will be responsible for all costs for Hydro One to supply and install a four quadrant interval metering facility in accordance with, but not limited to, the requirements of Distribution System Code, Measurement Canada, Retail Settlement Code and Hydro One. The Generator may make other arrangements for the metering facility installation that are acceptable to Hydro One and must submit the drawings and specifications for Hydro One's review to determine if the metering location, design and any applicable loss calculations are acceptable to Hydro One. Hydro One will own and maintain the interval metering facility and dedicated dial-up business telephone circuit, if such circuit is required.

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, the Generator will provide to Hydro One the necessary information so that Hydro One may arrange for registration of the meter point with IESO, if applicable, and arrange for totalization table and settlement systems updates.

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, if the Generator is a primary metered generator, the Generator shall procure new high accuracy current transformers that meet ANSI 0.15s (the "CTs"). The Generator shall also ensure that the CTs have manufacturer warranties for a period of at least two (2) years with such warranties being transferable to Hydro One. The Generator shall be deemed to have transferred the CTs to Hydro One for \$1.00 immediately prior to the Generator signing the Connection Agreement.

Part 7: Where Generator's Facilities do not meet the power distance test (CIA results) AND Generator to install dynamic compensation equipment

Intentionally Deleted.

Part 8: Documentation

Prior to Connection of the Generator's Facilities to Hydro One's distribution system, the Generator shall have provided Hydro One with the Connection interface documents specified below for review by Hydro One in the implementation Connection phase.

Connection of a Generation Facility to Hydro One's Distribution System

LIST OF REQUIRED DOCUMENTS

DG Proponent Deliverables: Documents and Timelines

Version: Rev 3

	Doc.	Remarks	Timelines	Due Date (Project Specific, based on ISD)
1. Initial Documents	1. Single Line Diagram 2. Protection Description Doc. & Power Factor Control 3. SCADA Communication / Telemetry Points 4. Power Factor Control of Generator	<p>1. The SLD must be acceptable as per the TIR containing all devices clearly identified with the type and brief specifications; including but not limited to:</p> <ul style="list-style-type: none"> a) Clear mention / identification of the PCC b) Circuit Breakers c) Transformers d) Disconnecting Switch e) PTs f) Fuses g) Protections h) Teleprotection i) How and where Transfer Trip and DGEO are integrated in and means of communication. j) Status devices k) Device Nomenclature assigned L) Others <p>2. The Protection Description Doc. must also be acceptable as per the TIR: including but not limited to:</p> <ul style="list-style-type: none"> a) Introduction <ul style="list-style-type: none"> i) System Description b) Protection Description <ul style="list-style-type: none"> i) Communication ii) Transfer Trip Protection and means i.e. FreeWave Radio, NSD570 / Bell S4T4 iii) Feeder Protection iv) Embedded Generator End Open v) Generation Rejection (G/R) vi) Circuit Switcher Failure vii) Switching Station & Cables Protection viii) Pad Mount Transformer Protection ix) Interlocks x) Circuit switcher Auto-Recloser xi) Ground fault suppression at PCC xii) Generators 	<p>Required 6 months before ISD in DRAFT,</p> <p>4 months before ISD: FINAL approved version.</p>	

		<p>xiii) Generator Protection ix) Synchronizing of Generator:</p> <ul style="list-style-type: none"> Description of Synchronizing Scheme (Synchronous & Inverter Units) & Connection Scheme for Induction Units <p>c) General Operating Philosophy</p> <p>d) Tripping Matrix / Relay Logic Diagrams</p> <p>3. SCADA Communication link / Telemetry Pts.: The SLD Doc. must also contain:</p> <p>a) SCADA / Telemetry Points, I/O List</p> <p>b) Device and Mode of communication / means of access i.e. RTU for SCADA points / Telemetry Path (either Cellular / wireless or Bell S4T4, Fibre)</p> <p>4. Power Factor Control of Generator</p> <p>i) Protection AC and DC EWD</p> <p>ii) Protection Three Line Diagrams</p> <p>iii) Interface Protection Relay / Fuse Co-ordination Study, Curves & Settings</p> <p>iv) Interface Electrical Equipment Technical Information / Data Sheets / Manufacturer's Nameplate Information</p> <p>v) Breaker Failure Protection AC and DC EWD</p> <p>vi) Detailed Power Factor Control Plan</p>		
2. Interface Protection Settings	Proposed Interface Protection Settings	Draft Settings	2 Months before ISD	
		Final Settings	2 Weeks before ISD	
3. Metering	Metering	<p>Following must be provided by the Generator if they make other arrangements acceptable to Hydro One to supply and install the metering facility.</p> <p>Revenue Metering Single Line</p> <ol style="list-style-type: none"> Meter Form, MV 90 Site Specific Loss Adjustment 	Required 3 months before ISD	

		(SSLA):(Line and Transformer, as per Market Manual 3-3.5, stamped by an Electrical Engineer Registered in Ontario, Note: Revenue metering single line diagram to use the format and provide the information as per IESO Market Manual 3: Metering, Part 3.6 conceptual Drawing Review. Show ownership boundaries, transformers, CTs, VTs, isolating device / disconnect, breakers, operating designations, etc.		
4. GPR Study	Ground Potential Rise (GPR) Study		Hydro One may require GPR study results	
5. SCADA Comm.	SCADA Communication link / Telemetry Points:	Order Modem & provide ESN No.	3 Months before ISD	
		Activate Modem & Communication link testing	6 Weeks before ISD	
		Verification of End to End Testing / SCADA points testing	2 weeks before ISD	
6. COVER Doc.	Commissioning & Verification Procedure, Plan & Schedule Discussion / Meeting	Formal Discussion / Meeting with Hydro One regarding Commissioning Plan, Procedures and Schedule	3 months before ISD	
	COVER Stage 1 – DRAFT/PLAN COVER		Required 2 months before ISD (Back Feed or Generation)	
	COVER Stage 2 – FINAL COVER (Pre-Energization)		2 weeks before ISD	
	COVER Stage 3 – FINAL COVER (Post-Energization)		Required within 5 business days after ISD	
7.	DCA		Draft DCA: 3 months before ISD (Either Back Feed or Generation)	
			Final Signed: 1 month before ISD	
8.	Generator License		Confirmation of Generator License required 2 weeks before ISD	
9.	ESA Certification		2 Weeks before ISD (Either Back Feed or Generation)	

Note:

- Any delay in submission of each doc. as above will cause delay in the negotiated ISD depending upon the doc., significance and prevailing situations and circumstances

2. Each additional review / resubmission of above documents will lead to additional costs to the project / proponent
3. The requirement of documents and timelines as above are subject to change as per policies, codes and practices time to time but due notice will be given to the proponents
4. The above list includes drawings that would generally be required for Generation Facility projects.
5. Additional drawings / information may be required for certain projects. In such cases, Hydro One will duly inform the Generation Facility.
6. For small generation facility projects, some drawings / information may not be required. For example, those relating to tele-protection, breaker failure, etc.
7. Hydro One's review of Generation Facility drawing / data / protection settings & witnessing of commissioning tests etc. shall be limited only to those portions of the Generation Facility that interests Hydro One and which interfaces with its distribution system.
8. The Generator shall be responsible to coordinate the design, installation, testing, operation and maintenance of its facilities in conformance with applicable codes, standards, Hydro One and IESO connection requirements, service performance requirements and all relevant laws and regulations. The Generator shall obtain, at its expense, any and all authorizations, permits and licenses required for the construction and operation of its Generation Facilities.

Schedule "C": Estimated Allocated Cost of Connection and Miscellaneous

PART 1:

1.1 Total Estimated Allocated Cost of Connection

The total estimated allocated cost of connection (excluding applicable Taxes) is summarized as follows:

Connection Assets:	\$61,000.00
Expansion:	\$20,000.00
Renewable Enabling Improvements:	\$19,000.00
Upstream Costs ¹	<u>\$661,000.00</u>

Total Estimated Allocated Cost of Connection **\$761,000.00**

The total estimated allocated cost of connection (excluding applicable Taxes) is based on the Class "C" Estimate. Notwithstanding the provision of such Class "C" Estimate to the Generator, the final allocation to the Generator of the cost of connection will be based on the Actual Cost of the Hydro One Connection Work.

1.2 Contingencies:

The above-estimate does not include contingencies that may be necessary in order to Connect the Generation Facility to Hydro One's distribution system. These contingencies include, but are not limited to:

- i. Generator initiated scope changes;
- ii. Changes to the scope of any Required Connection Work;
- iii. planned outage delays/cancellations; subsequent line/equipment commissioning; and
- iv. removal and treatment of contaminated soil during excavation.

1.3 Deposits due on execution of Agreement by Generator:

Connection Cost Deposit:	\$656,521.00
Expansion Deposit:	\$67,526.00
Capacity Allocation Deposit:	\$0 where the Generator has an executed OPA contract which includes a requirement for security deposits or similar payments

PART 2: MISCELLANEOUS

2.1 Description of Generation Facility

Consists of 1 x 5000 kW Hydraulic Turbine and is located at Muskoka Road 169, Part of Lot 33 (PIN 48029-0635), Concession Number 7 Wood as in WD977.

2.2 Point of Common Coupling/PCC/Point of Supply:

The Generation Facility will be connected to the 44 kV M1 Hydro One distribution feeder of Muskoka Transmission Station.

2.3 In-service Date

To be mutually agreed by no later than 45 days after the latest of the date that:

- (a) Hydro One has accepted and executed the agreement which occurs after the Generator has delivered and executed this Agreement to Hydro One; and
- (b) the Generator paid Hydro One the Deposits specified above in Section 1.3 of this Schedule "C".

¹ Includes the cost of any Upstream Transmission Work and/or Upstream Host Distributor Work.

In any event, the In-service Date shall not be later than:

- (i) five (5) years from the Application date specified in section 2.4 below for water power projects; or
- (ii) three (3) years from the Application date specified in section 2.4 below for other types of projects.

2.4 Application Date

June 2, 2010

2.5 Hydro One's Assets:

A. Hydro One will own all equipment and facilities installed by Hydro One as part of the Hydro One Connection Work in, under, on, over, along, upon, through and crossing Hydro One's Property(ies).

B. Hydro One will own the following equipment installed by the Generator in, under, on, over, along, upon, through and crossing Hydro One's Property(ies):

- 1) Nil

C. Hydro One will own the following equipment installed by Hydro One as part of the Hydro One Connection Work in, under, on, over, along, upon, through and crossing the Generator's Property:

- 1) Nil

D. Hydro One will own the following equipment installed by the Generator in, under, on, over, along, upon, through and crossing the Generator's Property(ies):

- 1) High accuracy current transformers that meet ANSI 0.15s.

E. Where applicable, Hydro One will own any Expansion including, any Work Eligible for Alternative Bid with the exception of any Expansion made by a Host Hydro One as part of any required Host Hydro One Work.

2.6 Documentation Required:

Documentation describing the as-built electrical information shall include a resubmission of the information listed in Part 6 of Schedule "B" marked "as built" and signed by a Professional Engineer registered in Ontario.

Schedule "D": Offer to Connect

SWIFT RIVER LP
2300 Yonge Street
Suite 801, Box 2300
Toronto, Ontario
M4P 1E4

Attn: Mr. Anthony Zwig.

Re: *"Offer to Connect" Where a Capital Contribution is Required*

Dear Mr. Anthony Zwig:

This letter will serve as Hydro One Networks Inc.'s ("**Hydro One**") "Offer to Connect" in respect of the Expansion of Hydro One's distribution system to accommodate the connection of the proposed Supply Voltage kV service for *North Bala Small Hydro Project*, Site Location located at Muskoka Road 169, Part of Lot 33 (PIN 48029-0635), Con 7 Wood as in WD977.

All capitalized terms appearing in this "Offer to Connect" without definition shall have the meaning given to those same terms in the Distribution System Code (the "**Code**") issued by the Ontario Energy Board. The Code is available online at: www.oeb.gov.on.ca.

Description of Expansion:

This connection requires an Expansion of approximately 0.1 km of 44 kV line from Hydro One's existing facilities to the proposed *North Bala Small Hydro Project* on Muskoka Road 169.

Estimate or Firm Offer:

This offer is an estimate. It is based on a Class C Estimate, which is a rough estimate, of the capital cost of the construction of the Expansion which generally has a degree of accuracy of plus or minus fifty percent. The actual capital contribution will be revised in the future to reflect the actual costs to construct the Expansion (Please see "Capital Contribution" below for further information) using Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads and interest thereon.

Capital Contribution:

You will be required to pay a capital contribution towards the Expansion.

Hydro One estimates that your capital contribution will be \$656,521.00 plus GST/HST in the amount of \$85,348.00 for a total of \$741,868.00 (the "**Capital Contribution**"). The Capital Contribution was calculated by Hydro One performing a preliminary economic evaluation. The economic evaluation uses a Discounted Cash Flow ("**DCF**") model. The calculation used to determine the amount of the Capital Contribution including all of the assumptions and inputs used to produce the economic evaluation is attached to this Offer to Connect. Also included in the Capital Contribution is the cost to provide the final design and estimate (\$87,000.00 including applicable taxes) which is required to be performed by Hydro One before actual construction of the Expansion can begin.

The Capital Contribution will be included in the Connection Cost Agreement ("**CCA**") that will be sent to you shortly as part of the estimated allocated cost of connection. As noted above, Hydro One will re-perform the economic evaluation using the actual costs to construct the Expansion to determine your final capital contribution towards the Expansion which will be payable as part of the final cost which Hydro One will allocate to your project in accordance with Section 16 of the CCA.

Renewable Energy Expansion Cost Cap:

If your facility is a Renewable Energy Generation Facility, the Economic Evaluation includes your Renewable Energy Expansion Cost Cap.

Alternative Bid Work:

This offer to connect includes work for which you are entitled to obtain an alternative bid ("Work Eligible for Alternative Bid"). Please see Hydro One's Conditions of Service Document referenced below for information on obtaining an alternative bid.

A description of the Work Eligible for Alternative Bid and the Work Not Eligible for Alternative Bid as well as Hydro One's Class C estimate of the costs of such work are described below. Once you execute the CCA and pay the deposits required thereunder, Hydro One will perform the final design and estimate which is required to be performed by Hydro One before any actual construction of the Work Not Eligible for Alternative Bid or Work Eligible for Alternative Bid can begin.

	Work Not Eligible for Alternative Bid (Must be performed by Hydro One)	Work Eligible for Alternative Bid (Can be Performed by Hydro One or By Alternative Bid)
Scope of Work/Description:	<ul style="list-style-type: none">Construct a 0.1 km new line from the Point of Connection to the PCC by using 556AL conductors	
Labour (including design, engineering and construction)	\$7,000.00	\$
Materials	\$7,000.00	\$
Equipment	\$2,000.00	\$
Overhead (including Administration)	\$4,000.00	\$

If you choose to perform the Work Eligible for Alternative Bid, the estimated allocated cost of connection in the CCA will include the amount of \$20,000.00 being Hydro One's estimate of the additional costs (including, but not limited to, inspection costs) that will occur as a result.

Expansion Deposit:

You will be required to pay an Expansion Deposit of \$67,526.00 upon the execution of the CCA.

We will endeavor to provide a better estimate of the cost of construction of the Expansion within **90 days** from receipt of the amounts payable under the terms of the CCA. The minimum lead time before start of construction (to allow for ordering material, assigning resources, etc.) will be **60 days** from completion of the field design and staking.

Conditions of Service Document:

For a description of Hydro One's operating practices and connection rules, please see Hydro One's Conditions of Service Document which is available on-line at www.HydroOne.com.

Validity Period – Offer to Connect:

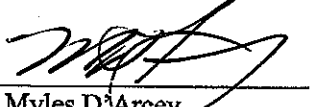
This offer to connect is based on your application for connection and is only valid for a period of:

- (a) 180 days if your generation facility is not a Capacity Allocation Exempt Small Embedded Generation Facility; or
- (b) 60 days if your generation facility is a Capacity Allocation Exempt Small Embedded Generation Facility;

and is subject to the terms and conditions of the CCA.

Sincerely,

HYDRO ONE NETWORKS INC.



Name: Myles D'Arcey

Title: Senior Vice-President Customer Operations

Schedule "E": Allocated Cost of Connection Statement

As set out in Section 16 of the Standard Terms and Conditions, Hydro One will also provide the Generator with the Allocated Cost of Connection Statement in the form below:

Project Investment No.	
Ready for service date	
Project Title	
Project Description	
Labour (including Design, Engineering, Construction and Commissioning)	
Material	
Equipment	
Overhead (including Administration and Project Management)	
Total Cost K\$	\$

Note 1: Estimated costs during project execution issued to the Generator in accordance with Schedules "A" and "C" for Hydro One Connection work associated with the Connection of the Generation Facility.

Definitions

1. Throughout the Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Act" means the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Schedule "B", as amended.

"Actual Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads and interest thereon.

"Commercial Operation" has the meaning given to it in Section 2.6 (a) of the form of Feed-In-Tariff Contract posted on the Ontario Power Authority's website on September 30, 2009.

"Commercial Operation Date" means the date on which Commercial Operation is first attained.

"Allocated Cost of Connection" means the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One has allocated to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, a Capital Contribution as determined by performing an Economic Evaluation using the Actual Cost of the Expansion and any costs payable pursuant to Subsection 15(c);
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (f) the amounts of any rebates made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap irrespective of whether such amounts were originally included in the Estimated Allocated Cost of Connection or in the Class "C" Estimate; and
- (g) the amounts of any Upstream Transmission Rebates.

"Additional Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Additional Work" means any work beyond the work described in Schedule "A" as a result of any changes in scope caused by or requested by the Generator and any work that is increased beyond the work estimated in Schedule "A" due to any delays or other actions caused by or requested by the Generator.

"Applicable Laws", means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or

government department, commission, board, court authority or agency.

"Application" means the Generator's application for Connection of the Generation Facility to Hydro One's distribution system.

"Application Date" means the date that the Generator submitted its Application to Hydro One and is as specified in Section 2.4 of Schedule "C".

"Bank" means a bank listed in Schedule I or II of the *Bank Act* (Canada).

"Business Day" means a day other than Saturday, Sunday, statutory holiday in Ontario or any other day on which the principal chartered banks located in the City of Toronto, are not open for business during normal banking hours.

"Cancellation/Termination Costs" means the Actual Cost of the Hydro One Connection Work (plus applicable Taxes) and any Upstream Host Distributor Work accrued on and prior to the date that the Connection is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Hydro One Connection Work and any Upstream Host Distributor Work, including, storage costs, facility removal expenses and any environmental remediation costs.

"Capacity Allocation Exempt Small Embedded Generation Facility" has the meaning given to it in the Code.

"Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Capital Contribution" is the amount that Hydro One may charge the Generator in respect of an Expansion to connect the Generation Facility which shall not exceed the Generator's share of the present value of the projected capital costs (including, where applicable, any Transfer Price paid by Hydro One for the Work Eligible for Alternative Bid) and on-going maintenance costs of the Expansion facilities.

"Class C Estimate" means the rough estimate provided to the Generator by Hydro One of the cost of the work described in the high-level results from the Impact Assessment to be performed by Hydro One in order to Connect the Generation Facility which generally has a degree of accuracy of plus or minus fifty percent.

"Code" means the Distribution System Code issued by the OEB on July 14, 2000 as amended or revised from time to time.

"Connection" and "Connect" have the meaning given to the term "Connection" in the Code.

"Connection Agreement" has the meaning given to it in the Code.

"Connection Assets" has the meaning given to it in the Code.

"Connection Cost Deposit" means 100% of the total Estimated Allocated Cost of Connection as specified in Part I of Schedule "C".

"Connection Materials" means the materials ordered by Hydro One for the purpose of the Connection.

"COVER" stands for Hydro One's "Confirmation of Verification Evidence Report".

"Customer Impact Assessment" means a customer impact assessment performed by Hydro One's transmission business unit in accordance with the requirements of the Transmission System Code.

"Deposits" means collectively, the Capacity Allocation Deposit, the Additional Capacity Allocation Deposit, the Expansion Deposit and the Connection Cost Deposit.

"Distribute" has the meaning given to it in the Code.

"Economic Evaluation" means the analytical tool designed and used by Hydro One using the methodology and inputs described in Appendix "B" of the Code.

"Electricity Act, 1998" means the *Electricity Act*, 1998, S.O. 1998, c.15, Schedule "A", as amended

"Embedded Retail Generator" has the meaning given to it in the Code.

"Emergency" has the meaning given to it in the Code.

"Enabler Facility" has the meaning given to it in the Transmission System Code.

"Enhancement" has the meaning given to it in the Code.

"ESA" means the Electrical Safety Authority.

"Estimated Allocated Cost of Connection" means Hydro One's estimate of the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One will have to allocate to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, the Capital Contribution as determined by performing an Economic Evaluation using a Class "C" estimate of the Actual Cost of the Expansion and the costs payable pursuant to Subsection 15(c) below;
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (e) the amounts of any rebates that will have to be made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap; and
- (f) the amounts of any Upstream Transmission Rebates.

"Expansion" has the meaning given to it in the Code.

"Expansion Deposit" means a deposit requested by Hydro One to be paid by the Generator that covers both the forecast risk (the risk associated with whether any projected revenue for the Expansion will materialize as forecasted) and the asset risk (the risk associated with ensuring that the Work Eligible for Alternative Bid when it is performed by the Generator, is constructed, that it is completed to the proper design and technical standards and specifications, and that the Work Eligible for Alternative Bid operates properly when energized) which shall not exceed:

- (a) 100% of the present value of any forecasted revenues where the Generator has to pay a Capital Contribution; and
- (b) 100% of the present value of the projected capital costs and on-going maintenance costs of the work that is not eligible for alternative bid and the Work Eligible for Alternative Bid facilities where the Generator does not have to pay a Capital Contribution.

"Force Majeure Event" means any cause, existing or future, which is beyond the reasonable control of, and not a result of the fault or negligence of, the affected party and includes, strikes, lockouts and any other labour disturbances and manufacturer's delays for equipment or materials required for any Required Connection Work.

"Generation Facility" means the generation facility described in Schedule "C".

"Generator Connection Work" means the work to be performed by the Generator, at its sole expense, which is described in Schedule "B" attached to the Agreement as well as the work described in Part III of the Agreement, if any.

"Generator Default" means any of the following:

- (a) failure by the Generator to pay any amount due under the Agreement within the time stipulated for payment;
- (b) breach by the Generator of any term, condition or covenant of the Agreement;
- (c) the making of an order or resolution for the winding up of the Generator or of its operations or the occurrence of any other dissolution or liquidation proceeding instituted by or against the Generator.

"Generator's Facilities" means the Generation Facility and associated Connection devices, protection systems and control systems owned or operated by the Generator.

"Generator's Property(ies)" means any lands owned by the Generator in fee simple or where the Generator now or hereafter has obtained easement rights.

"Good Utility Practice" has the meaning given to it in the Code.

"Host Distributor" has the meaning given to it in the Code.

"Upstream Host Distributor Work" means any work required to be performed by a Host Distributor on its distribution system in order for Hydro One to Connect the Generation

Facility to Hydro One's distribution system, including the work described in Part C of Schedule "A", attached to the Agreement.

"Hydro One Connection Work" means all of the work to be performed by Hydro One that is required to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part A of Schedule "A", attached to the Agreement.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator.

"Impact Assessment" means the impact assessment performed by Hydro One for the Project in accordance with Section 6.2.12 or Section 6.2.13 of the Code, as the case may be, prior to the execution of the Agreement and includes any revisions which may be made to that Impact Assessment from time to time thereafter.

"In-service Date" means the date that Hydro One accepts the normal operation of the Generator's Facilities.

"Interest" means interest accrued monthly commencing on the receipt of any cash Deposit at the Prime Business Rate set by the Bank of Canada less 2 percent.

"Large Embedded Generation Facility" has the meaning given to it in the Code.

"Lender" means a bank or other entity whose principal business is that of a financial institution and that is financing or refinancing the Generation Facility.

"Letter of Credit Minimum Requirements" means a letter of credit that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) issued by a Bank;
- (c) allows for presentment in Toronto, Ontario or presentment using a valid fax number where the Bank does not have a branch in Toronto, Ontario;
- (d) have an expiry date that is acceptable to Hydro One;
- (e) provide that any notice that the Bank does not wish to extend the letter of credit for any additional period of expiry must be provided, in writing, to Hydro One Networks Inc., 185 Clegg Road, Markham ON L6G 1B7, Attn: Denise Hunt (R32E2), at least sixty (60) days prior to any expiration date;
- (f) permits partial drawings and multiple presentations;
- (g) provides that drawings will be paid on written demand without the issuing Bank enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the Generator;
- (h) only requirement to be met in order to draw on the letter of credit is that Hydro One present the letter of credit and a certificate stating that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*, 20__, as it may be

amended by the Generator and Hydro One from time to time;

- (i) provides that banking charges and commissions associated with the letter of credit are payable by the Generator;
- (j) subject to the International Standby Practices "ISP 98" ICC Publication no. 590 ("ISP 98");
- (k) provide that notwithstanding ISP 98, in the event that the original of the letter of credit is lost, stolen, mutilated or destroyed, the Bank will agree to replace same upon written notice from Hydro One setting out the circumstances;
- (l) provides that matters not expressly covered by ISP 98, will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (m) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"Market Rules" means the rules made by the IESO under Section 32 of the *Electricity Act*, 1998.

"Meter Service Provider" means a person that provides, installs, commissions, registers, maintains, repairs, replaces, inspects and tests metering installations.

"Material Revision Impact Assessment" means a revision to the Impact Assessment performed by Hydro One as a result of the Generator making material revisions to the design, planned equipment or plans for the Generation Facility after the execution of the Agreement.

"Mid-Sized Embedded Generation Facility" has the meaning given to it in the Code.

"Non-Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the scope of the Hydro One Connection Work as a result of any one or more of the following:

- (a) any changes or revisions to the Impact Assessment made after the execution of the Agreement;
- (b) any changes or revisions to the Customer Impact Assessment;
- (c) any changes or revisions to the System Impact Assessment;
- (d) environmental assessment(s);
- (e) the requirements set out in an approval received under Section 92 of the *Ontario Energy Board Act*;
- (f) any requirements identified by the IESO in respect of any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system;
- (g) any changes to any Required Enhancement(s);
- (h) any change to any requirements identified by the Host Distributor in respect of the Upstream Host Distributor Work; and
- (i) changes made to the TIR.

"Ownership Demarcation Point" has the meaning given to it in the Code.

"Point of Common Coupling" or "PCC" or "Point of Supply" means the point where the Generator's Facilities are to Connect to Hydro One's distribution system and is as specified in Schedule "C" of the Agreement.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the In Service Date, including, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Required Enhancement" means collectively, any Enhancement, Renewable Enabling Improvement or any Enabler Facility that needs to be completed and in service in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system irrespective of whether the cost of any of this work is part of the Allocated Cost of Connection.

"Required Connection Work" means collectively, the Hydro One Connection Work, any Required Enhancement and any Upstream Host Distributor Work.

"Renewable Enabling Improvement" has the meaning given to it in the Code and is limited to those items listed in Section 3.3.2 of the Code.

"Renewable Energy Expansion Cost Cap" has the meaning given to it in the Code.

"Renewable Energy Generation Facility" has the meaning given to it in the Act.

"Renewable Energy Source" has the meaning given to it in the Act.

"Small Embedded Generation Facility" has the meaning given to it in the Code.

"Surety Bond Requirements" means a surety bond that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) surety must be Canadian;
- (c) surety must be financially acceptable to Hydro One must have at, a minimum, a long-term credit rating of "A" from a bond-rating agency acceptable to Hydro One;
- (d) has an expiry date that is acceptable to Hydro One;
- (e) provides that fees, charges and commissions associated with the surety bond, including drawings therefrom, are payable by the Generator;
- (f) permit partial drawings and multiple presentations;
- (g) provide that drawings will be paid without the surety enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the said Generator;
- (h) only requirement to be met in order to draw on the surety bond is that Hydro One present a certificate certifying that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*,

20__, as it may be amended by the Generator and Hydro One from time to time;

- (i) will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (j) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"System Impact Assessment" or "SIA" means the system impact assessment performed by the IESO in respect of connections that the IESO's connection assessment and approvals process requires a system impact assessment which includes without limitation, the connection of a Large Embedded Generation Facility.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"TIR" means Hydro One's Distributed Generation Technical Interconnection Requirements: Interconnections at Voltages 50kV and Below", as amended from time to time, which is available on Hydro One's website.

"Transfer Price" means the lower of the cost to the Generator to construct the Work Eligible for Alternative Bid or the amount set out in the Initial Offer to Connect attached to the Agreement as Schedule "D" for Hydro One to perform the Work Eligible for Alternative Bid.

"Transmission System Code" means the code of standards and requirements issued by the OEB on July 25, 2005, as it may be amended, revised or replaced in whole or in part from time to time.

"Upstream Costs" means the Actual Cost of any Upstream Transmission Work allocated in accordance with the requirements of the *Transmission System Code* and the Actual Cost of any Upstream Host Distributor Work allocated in accordance with the requirements of the *Distribution System Code*.

"Upstream Transmission Rebates" means refunds payable to any initial contributors in respect of work previously or currently being performed on Hydro One's transmission system at the expense of initial contributor(s) where such work benefits future customers that connect to Hydro One's distribution system within five years of the in service date of that work., which may include the Generator. The amount of any Upstream Transmission Rebates payable are determined by Hydro One considering such factors as the relative name-plated capacities of the initial contributor(s) and the future connecting customer(s).

"Upstream Transmission Work" means any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part B of Schedule "A", attached to the Agreement.

"Work Eligible for Alternative Bid" means the Expansion work identified in the Initial Offer to Connect attached to the

Agreement as Schedule "D" as work for which the Generator may obtain an alternative bid.

Incorporation of Code and Application of Conditions of Service

2.1 The Code, as it may be amended from time to time, is hereby incorporated in its entirety by reference into, and forms part of, the Agreement. Unless the context otherwise requires, all references to "the Agreement" include a reference to the Code.

2.2 Hydro One hereby agrees to be bound by and at all times to comply with the Code, and the Generator acknowledges and agrees that Hydro One is bound at all times to comply with the Code in addition to complying with the provisions of the Agreement.

2.3 In addition to the Agreement, the relationship between Hydro One and the Generator will be governed by Hydro One's Conditions of Service that are in effect at the relevant time. In the event of a conflict or an inconsistency between a provision of the Agreement and a provision of Hydro One's Conditions of Service, the provision of the Agreement shall govern.

2.4 In the event of a conflict or an inconsistency between a provision of the Code or the Agreement, the provision of the Code shall govern. The fact that a condition, right, obligation or other term appears in the Agreement but not in the Code shall not be interpreted as, or deemed grounds for finding of a conflict or inconsistency.

Hydro One Connection Work

3. Hydro One shall perform the Hydro One Connection Work in a manner consistent with Good Utility Practice, in accordance with the Conditions of Service and the Code, and in compliance with all Applicable Laws.

4. Except as provided herein Hydro One makes no warranties, express or implied, and Hydro One disclaims any warranty implied by law, including implied warranties of merchantability or fitness for a particular purpose and implied warranties of custom or usage with respect to the Hydro One Connection Work, the Upstream Host Distributor Work and any Required Connection Work.

5. The Hydro One Connection Work, any Required Connection Work and Hydro One's rights and requirements in the Agreement are solely for the purpose of Hydro One ensuring that:

- (a) the safety, reliability and efficiency of the distribution system and the transmission system are not materially adversely affected by the Connection of the Generation Facility to the distribution system; and
- (b) Hydro One's distribution system and transmission system are adequately protected from potential damage or increased operating costs resulting from the Connection of the Generation Facility.

6. Hydro One shall use commercially reasonable efforts to complete the Hydro One Connection Work by the In-service Date as established in accordance with Section 2.3 of Schedule "C" provided that:

- (a) the Generator has completed the Generator Connection Work in accordance with the terms and conditions of the Agreement;
- (b) the Generator is in compliance with its obligations under the Agreement;
- (c) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One;
- (d) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws in order to perform all or any part of the Required Connection Work:
 - (i) environmental approvals, permits or certificates;
 - (ii) land use permits from the Crown; and
 - (iii) building permits and site plan approvals;
- (e) Hydro One does not have to use its employees, agents and contractors performing any of the Required Connection Work elsewhere on its transmission system or distribution system due to an Emergency or a Force Majeure Event;
- (f) where applicable, the Host Distributor is able to complete the Upstream Host Distributor Work by the date agreed by Hydro One and the Host Distributor in the agreement made between Hydro One and the Host Distributor with respect to such work;
- (g) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work or any Required Enhancement;
- (h) Hydro One is able, using commercially reasonable efforts, to obtain all necessary land rights on commercially reasonable terms prior to the dates upon which Hydro One needs to commence construction of all or any portion of the Required Connection Work;
- (i) where applicable, Hydro One has accepted the metering installation, metering location and transformer loss calculation submitted by the Generator's Meter Service Provider;
- (j) Hydro One is able to obtain the materials required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
- (k) the scope of the Hydro One Connection Work, any Required Enhancement or any Upstream Host Distributor Work does not change substantially for any reason after the execution of the Agreement, including, as a result of the requirements of or matters raised in any System Impact Assessment (including

any revisions), Customer Impact Assessment (including any revisions thereto) the Impact Assessment (including any revisions such as a Material Revision Impact Assessment);

- (l) the Generator has delivered to Hydro One, any applicable written authorization(s) of the Electrical Safety Authority required for Hydro One to make the temporary and any subsequent Connections; and
- (m) there are no delays resulting from the non-completion of any work that needs to be performed on Hydro One's distribution system or transmission system (including, but not limited to, work being performed for a third party connecting a generation facility to Hydro One's distribution system or transmission system) for any reason whatsoever where such work needs to be completed in order for Hydro One to connect the Generation Facility.

The Generator acknowledges and agrees that the In-service Date may be materially affected by difficulties faced by Hydro One in obtaining or the inability of Hydro One to obtain all necessary land rights and/or environmental approvals, permits or certificates and where applicable, any approvals required for under Section 92 of the Act for any part of the Required Connection Work.

7. Once the Generator informs Hydro One that it has received all necessary approvals, provides Hydro One with a copy of the authorization to Connect from the ESA and enters into a Connection Agreement, Hydro One shall act promptly to Connect the Generation Facility to Hydro One's distribution system. Subject to delays in commissioning and testing of the Generation Facility which are beyond the control of Hydro One, Hydro One shall Connect a Small Embedded Generation Facility within the timelines prescribed in Subsection 6.2.21 of the Code.

8. The Generator acknowledges and agrees that where there is a Material Revision to An Impact Assessment and that Material Revision to An Impact Assessment:

- (a) differs in a material respect from the then-current Impact Assessment, that Part V of the Agreement applies; and
- (b) even though it does not differ in a material respect from the then-current Impact Assessment, may result in the scope of the Hydro One Connection Work required to be performed on Hydro One's distribution system and/or any work to be performed on Hydro One's transmission system in order for the Generation Facility to Connect to Hydro One's distribution system to change substantially which could affect the In-service Date and/or the Actual Cost of the Hydro One Connection Work actually required to be performed by Hydro One in order for the Generation Facility to Connect to Hydro One's distribution system.

9. Upon completion of the Hydro One Connection Work, Hydro One shall own, operate and maintain all equipment referred to in Part 2.5 of Schedule "C". Where applicable, the Host Distributor will own, operate and

maintain all equipment installed or upgraded as part of the Upstream Host Distributor Work.

Generator's Obligations – Connection

10. Except as specifically provided herein, the Generator is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws for the construction, Connection and operation of the Generator's Facilities including, the approval(s) of the Electrical Safety Authority. The Generator shall provide copies of such permits, certificates, reviews and approvals to Hydro One upon Hydro One's request.

11. The Generator shall ensure that the Generator's Facilities:

- (a) meet all applicable requirements of the ESA;
- (b) conform to all applicable industry standards including, those of the Canadian Standards Association ("CSA"), the Institute of Electrical and Electronic Engineers, the American National Standards Institute and the International Electrotechnical Commission;
- (c) are installed and constructed in accordance with the Agreement (including the requirements set out in Schedule "B" of the Agreement), Hydro One's Offer to Connect, the requirements of the ESA, all applicable reliability standards and Good Utility Practice;
- (d) other than as specifically permitted in Part III of the Agreement, comply with the requirements described in the TIR, including any additions, modifications or changes to the TIR that are made before the In-service Date; and
- (e) meet the technical requirements specified in Appendix F.2 of the Code.

12. The Generator acknowledges and agrees that:

- (a) it shall install its own meter in accordance with Hydro One's metering requirements preferably at the Point of Supply with adequate time to allow commissioning for the metering prior to energization of the Generation Facility and provide Hydro One with the technical details of the metering installation;
- (b) Hydro One has the right to witness the commissioning and testing of the Connection of the Generation Facility to Hydro One's distribution system;
- (c) the Generator shall retain the services of a professional engineer(s) appropriately licensed in Ontario to design and commission the electrical and protection facilities that may impact Hydro One's distribution system, Hydro One's transmission system and where applicable, the distribution system of a Host Distributor; and
- (d) the Generator's submissions to Hydro One shall be signed and stamped by a professional engineer appropriately licensed in the province of Ontario.

13. The Generator shall provide Hydro One with copies of the "as built" documentation specified in Schedule "B", acceptable to Hydro One, by no later than 30 days after the execution of the Connection Agreement and the Generator shall ensure that Hydro One may retain this information for Hydro One's ongoing planning, system design, and operating review; and, it shall maintain and revise the documentation to reflect changes to the Generator's Facilities and provide copies to Hydro One on demand or as specified in the Connection Agreement.

Access

14.1 The Generator shall permit and, if the land on which the Generation Facility is located is not owned by Generator, cause such landowner to permit, Hydro One's employees and agents to enter the property on which the Generation Facility is located at any reasonable time. Such access shall be provided for the purposes of inspecting and/or testing the Generation Facility as and when permitted by the Agreement, the Code or Hydro One's Conditions of Service or as required to establish work protection, or to perform any of the Hydro One Connection work.

14.2 Notwithstanding subsection 21(a) below, where Hydro One causes damage to the Generator's property as part of this access, Hydro One shall pay to the Generator the Generator's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

14.3 Notwithstanding subsection 21(a) below, if the Generator has been given access to Hydro One's Property(ies), and if the Generator causes damage to Hydro One's Property(ies) as part of that access, the Generator shall pay Hydro One's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

Expansion - Alternative Bid Work Terms and Conditions:

15. Where the Generator has chosen to pursue an alternative bid in respect of an Expansion and uses the services of a qualified contractor for the Work Eligible for Alternative Bid:

(a) the Generator shall:

- (i) complete all of the Work Eligible for Alternative Bid;
- (ii) select and hire the construction;
- (iii) assume full responsibility for the construction of the Work Eligible for Alternative Bid;
- (iv) be responsible for administering the contract including, the acquisition of all required permissions, permits and easements;
- (v) ensure that the Work Eligible for Alternative Bid is performed in accordance with Hydro One's design and technical standards and specifications;

(b) Hydro One shall have inspected and have approved all aspects of the constructed facilities as part of a system

commissioning activity prior to the Connection of the Work Eligible for Alternative Bid to Hydro One's existing distribution system;

(c) the Generator shall be responsible for paying the Actual Cost of the following work to be performed by Hydro One:

- (i) the design of the Work Eligible for Alternative Bid;
- (ii) the engineering or installation of facilities required to complete the project;
- (iii) administration of the contract between the Generator and the contractor hired by the Generator if asked to do so by the Generator and Hydro One agrees, in writing, to do so; and
- (iv) inspection or approval of the work performed by the contractor hired by the Generator;

(d) by no later than fifteen (15) days prior to the date that the assets are to be transferred to Hydro One, the Generator shall provide Hydro One with a breakdown of the cost of the Work Eligible for Alternative Bid in a form acceptable to Hydro One, together with copies of all documents related to the Work Eligible for Alternative Bid including all invoices, purchase orders and fixed price contracts related to the design and construction of the Work Eligible for Alternative Bid and the procurement of equipment.

(e) the Generator shall represent and warrant to Hydro One on the date that the Work Eligible for Alternative Bid is transferred to Hydro One that:

- (i) the Work Eligible for Alternative Bid is free and clear of all mortgages, liens, demands, charges, pledges, adverse claims, rights, title, retention agreements, security interests, or other encumbrances of any nature and kind whatsoever;
- (ii) the Work Eligible for Alternative Bid is free and clear of any work orders, non-compliance orders, deficiency notices or other such notices relative to the Work Eligible for Alternative Bid Assets or any part thereof which have been issued by any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies;
- (iii) there are no matters under discussion with any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies relating to work orders, non-compliance orders, deficiency notices or other such notices pertaining to all or any part of the Work Eligible for Alternative Bid;
- (iv) the Generator is the sole owner of the Work Eligible for Alternative Bid;
- (v) that the Work Eligible for Alternative Bid has been performed in accordance with Hydro One's design and technical standards and specifications; and
- (vi) all deficiencies identified by Hydro One have been remedied;

(f) the Generator agrees that the representations and warranties in (e) above shall survive the transfer, and the execution and delivery of any easements or other land rights, bills of sale, assignments or other

signed by the party to be bound by the waiver. The waiver by a party of any Event of Default, breach or non-compliance under the Agreement shall not operate as a waiver of that party's rights under the Agreement in respect of any continuing or subsequent Event of Default, breach or non-compliance, whether of the same or any other nature.

Amendment

27. Any amendment to the Agreement shall be made in writing and duly executed by both parties.

Exchange and Confidentiality of Information

28. Section 20 of the form of Connection Agreement for a Small Embedded Generation Facility or a Mid-Sized Embedded Generation Facility set out in Appendix E of the Code is hereby incorporated by reference into, and forms part of the Agreement *mutatis mutandis*.

Interpretation

29. Unless otherwise specified, references in the Agreement to Sections or Schedules are to sections, articles and Schedules of the Agreement. Any reference in the Agreement to any statute, regulation, any OEB-approved documents or any section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation, document or section as amended, restated or re-enacted from time to time. The insertion of headings is for convenience only, and shall not affect the interpretation of the Agreement. Unless the context requires otherwise, words importing the singular include the plural and vice versa. The words "including" or "includes" means including (or includes) without limitation.

Invoices and Interest

30. Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including amounts that are not invoiced but required under the terms of the Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

Assignment, Successors and Assigns, Lenders

31.(a) Except as set out in Section 31 below, the Generator shall not assign its rights or obligations under the Agreement in whole or in part without the prior written consent of Hydro One, which consent shall not be unreasonably withheld or unduly delayed. Hydro One may withhold its consent to any proposed assignment until the proposed assignee assumes, in writing, all of the Generator's obligations contained in the Agreement.

(b) Hydro One shall have the right to assign the Agreement in whole upon written notification to the Generator.

(c) The Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

31(a). The Generator may, without the written consent of Hydro One, assign by way of security only all or any

part of its rights or obligations under the Agreement to a Lender(s). The Generator shall promptly notify Hydro One, in writing, upon making such assignment.

(b) The Generator may disclose confidential information of Hydro One to a Lender or prospective Lender provided that the Generator has taken all precautions as may be reasonable and necessary to prevent unauthorized use or disclosure of Hydro One's confidential information by a Lender or prospective Lender.

(c) Where a notice of default has been served on the Generator under Part V of the Agreement, an agent or trustee for and on behalf of the Lender(s) ("Security Trustee") or a receiver appointed by the Security Trustee ("Receiver") shall upon notice to Hydro One be entitled (but not obligated) to exercise all of the rights and obligations of the Generator under the Agreement and shall be entitled to remedy the default specified in the notice of default within the cure period referred to in Part V. Hydro One shall accept performance of the Generator's obligations under the Agreement by the Security Trustee or Receiver in lieu of the Generator's performance of such obligations.

(d) the Lender will have no obligation or liability under the Agreement by reason of the assignment until such time as the Lender, the Security Trustee or the Receiver exercises any of the rights or obligations of the Generator under the Agreement.

(e) notwithstanding subsection (d) above, Hydro One agrees that the Lender will have no obligation or liability under the Agreement by reason of the assignment if the Lender exercises the obligation of the Generator under the Agreement to cure a default for failing to pay an amount(s) due and owing under the Agreement within the cure period provided for in the Agreement after written notice of such default is delivered to the Generator.

(f) The Generator shall be deemed to hold the provisions of this Section 31 that are for the benefit of Lender(s) in trust for such Lender(s) as third party beneficiary(ies) under the Agreement.

Survival:

32. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 16, 17, 18, 19 or 20 shall survive the termination of the Agreement.

Connection Cost Agreement

between

Xeneca Limited Partnership

and

Hydro One Networks Inc.



FOR

**THE CONNECTION OF A 2.1 MW GENERATION FACILITY
TO HYDRO ONE'S DISTRIBUTION SYSTEM**

Xeneca Limited Partnership (the "**Generator**") has requested and Hydro One Networks Inc. ("**Hydro One**") is agreeable to performing the work required to connect the Generation Facility to Hydro One's distribution system at the Point of Common Coupling on the terms and conditions set forth in this **Connection Cost Agreement** which includes Schedules "A" (Scope of Work), "B" (Generator Connection Work), "C" (Estimated Allocated Cost of Connection and Miscellaneous), "D" (Offer to Connect); and "E" (Allocated Cost of Connection Statement) and the Standard Terms and Conditions V2011-1 (the "**Standard Terms and Conditions**") attached hereto (collectively, the "**Agreement**").

I. Representations and Warranties

The Generator represents and warrants to Hydro One as follows, and acknowledges that Hydro One is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) the Generation Facility is fully and accurately described in the Application;
- (b) all information in the Application is true and correct;
- (c) if the Generator is a corporation or other form of business entity, the Generator is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
- (d) the Generator has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (e) this Agreement constitutes a legal and binding obligation on the Generator, enforceable against the Generator in accordance with its terms;
- (f) any individual signing this Agreement on behalf of the Generator has been duly authorized by the Generator to sign this Agreement and has the full power and authority to bind the Generator; and
- (c) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada) and its HST registration number is 823432893RT0001.

Hydro One represents and warrants to the Generator as follows, and acknowledges that the Generator is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) Hydro One is duly incorporated under the laws of Ontario;
- (b) Hydro One has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (c) this Agreement constitutes a legal and binding obligation on Hydro One, enforceable against Hydro One in accordance with its terms; and
- (d) any individual signing this Agreement on behalf of Hydro One has been duly authorized by Hydro One to sign this Agreement and has the full power and authority to bind Hydro One; and
- (e) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada) and its HST number is 87086-5821 RT0001.

II. Except as expressly set out in this Agreement, this Agreement shall be in full force and effect and binding on the parties upon the date that this Agreement was executed by Hydro One and shall expire on the date that is after the latest of:

- (a) Hydro One performing all of the Hydro One Connection Work;
- (b) the Generator paying all amounts required to be paid by the Generator under the terms of this Agreement; and
- (c) where applicable, Hydro One refunding the Deposits in accordance with the terms of this Agreement (the "**Term**").

For greater certainty, Hydro One shall not be obligated to execute this Agreement until such time as the Generator has paid all amounts required to be paid by the Generator upon the execution of this Agreement by the Generator, including, the Connection Cost Deposit.

Termination of this Agreement for any reason shall not affect the liabilities of either party that were incurred or arose under this Agreement prior to the time of termination. Termination of this Agreement for any reason shall be without prejudice to the right of the terminating Party to pursue all legal and equitable remedies that may be available to it including, but not limited to, injunctive relief.

III. Permitted Deviations and Exceptions to Mandatory TIR Requirements

The following are the only deviations from and exceptions to Hydro One's "Distributed Generation Technical Interconnection Requirements: Interconnections at Voltages 50kV and Below" (the "TIR") that Hydro One has accepted in respect of the Connection of this Generation Facility and a description of the alternatives that Hydro One has accepted and the work that the Generator has agreed to perform in consideration of Hydro One accepting such deviations and exceptions:

None.

IV. Any notice, demand, consent, request or other communication required or permitted to be given or made under or in relation to the Agreement shall be given or made: by courier or other personal form of delivery; by registered mail; by facsimile; or by electronic mail. Notices to the Generator shall be addressed to **Mike Vance, 5160 Yonge Street, Suite 520, Toronto, Ontario, M2N 6L9, telephone number: 416-590-9362, fax number: 416-590-9955, e-mail address: mvance@xeneca.com.** Notices to Hydro One shall be addressed to the Business Customer Centre (BCC), Attn: Generation Connection Application, 185 Clegg Road, Markham, Ontario, L6G 1B7, e-mail address: dxgenerationconnections@hydroone.com, telephone number: 1-877-447-4412 (select option 2).

A notice, demand, consent, request or other communication shall be deemed to have been made as follows:

- (a) where given or made by courier or other form of personal delivery, on the date of receipt;
- (b) where given or made by registered mail, on the sixth day following the date of mailing;
- (c) where given or made by facsimile, on the day and at the time of transmission as indicated on the sender's facsimile transmission report; and
- (d) where given or made by electronic mail, on the day and at the time when the notice, demand, consent, request or other communication is recorded by the sender's electronic communications system as having been received at the electronic mail destination.

V. The Generator acknowledges and agrees that the Generator has read and understands Section 6.2.4.1 of the Code. Furthermore unless the Generation Facility is a Capacity Allocation Exempt Small Embedded Generation Facility or the Generator is not an Embedded Retail Generator, the Generator acknowledges and agrees that upon the occurrence of any of the events described in Subsection 6.2.4.1e ii., iii., iv. and v. of the Code or the termination or cancellation of the Project:

- (a) Hydro One shall remove the Generator's capacity allocation;
- (b) the Generator's Capacity Allocation Deposit and/or any Additional Capacity Allocation Deposit paid pursuant to the terms of this Agreement are hereby forfeited by the Generator and will be retained by Hydro One in a deferral account for disposition by the OEB; and
- (c) this Agreement will be deemed to be terminated and any unspent Connection Cost Deposit will be returned to the Generator in accordance with Section 19 of the Standard Terms and Conditions.

For the purposes of Subsection 6.2.4.1e.v of the Code, a default of this Agreement shall include a Generator Default. Hydro One shall give the Generator written notice of a Generator Default and allow the Generator 30 calendar days from the date of receipt of the notice to rectify the Generator Default, at the Generator's sole expense.

VI. Large Embedded Generation Facility

Where the Generation Facility is a Large Embedded Generation Facility, the following terms apply:

Once the IESO has completed the System Impact Assessment and Hydro One's transmission business unit has completed the Customer Impact Assessment in respect of the proposed connection of the Generation Facility to Hydro One's distribution system, Hydro One will have Hydro One's transmission business unit perform an estimate study to delineate the scope of work of the Upgrade Work and provide an estimate of the Upgrade Costs (the **"TX Estimate Study"**), at the Customer's expense. By no later than 30 days after Hydro One's business unit has delivered the results of the TX Estimate Study, Hydro One shall deliver to the Customer new Schedules "A", "B" and "C" (the **"New Schedules"**) to replace Schedules "A", "B" and "C" attached hereto. The New Schedules shall be made a part hereof as though they had been originally incorporated into the Agreement.

By no later than 20 days after the New Schedules have been delivered to the Customer (the **"20-Day Period"**), the Customer shall increase the Connection Cost Deposit the Customer paid on the execution of this Agreement (the **"Original Connection Cost Deposit"**) by the difference between the Original Connection Cost Deposit and the Total Estimated Allocated Cost of Connection set out in Section 1.1 of the new Schedule "C" plus applicable Taxes on such difference. Should the Customer fail to pay same prior to the expiry of the 20-Day Period:

- (i) this Agreement will be deemed to be terminated and the parties shall be under no legal obligation or have any liability of any nature whatsoever with respect to the matters described herein;
- (ii) Hydro One will remove the Generator's capacity allocation;
- (iii) the Generator's Capacity Allocation Deposit and/or any Additional Capacity Allocation Deposit paid pursuant to the terms of this Agreement will be forfeited by the Generator and will be retained by Hydro One in a deferral account for disposition by the OEB; and
- (iv) the Original Connection Cost Deposit less the Actual Cost of the TX Estimate Study (plus applicable Taxes) will be returned to the Generator.

For greater certainty, the Customer acknowledges and agrees that Hydro One will not perform any Hydro One Connection Work until Hydro One has increased the Connection Cost Deposit by the difference between the Original Connection Cost Deposit and the Total Estimated Allocated Cost of Connection set out in Section 1.1 of the new Schedule "C" plus applicable Taxes.

VII. Upstream Transmission Work and Upstream Transmission Rebates

Hydro One's estimate of the Upstream Costs and/or Upstream Transmission Rebates payable by the Generator as set out in Section 1.1. of Schedule "C" of this Agreement, if any, are based on transmission planner estimates as opposed to a Class "C" estimate.

Hydro One's transmission business will perform a Class "C" estimate of the Upstream Transmission Work. If the Class "C" estimate of the cost of the Upstream Transmission Work is greater than the

Planner's Estimate of the cost of the Upstream Transmission Work, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit by an amount equal to the difference (plus applicable Taxes). In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit.

Where the Generator is required to pay an Upstream Transmission Rebate and Hydro One's transmission business subsequently performs a Class "C" Estimate of the work previously or currently being performed on Hydro One's transmission system which is the subject of the Upstream Transmission Rebate, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit by an amount equal to the difference (plus applicable Taxes) between the current estimate of the Upstream Transmission Rebate and the new estimate of the Upstream Transmission Rebate. In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit.

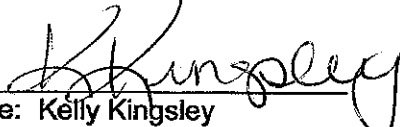
[SIGNATURE PAGE FOLLOWS]

VIII. This Agreement:

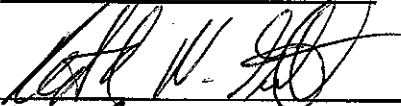
- (a) except as expressly provided herein, constitutes the entire agreement between the parties with respect to the subject-matter hereof and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the subject matter hereof;
- (b) shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein; and
- (c) may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

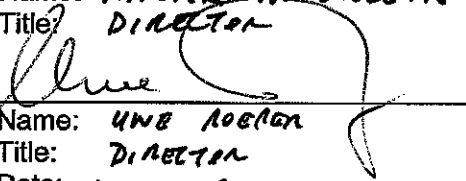
IN WITNESS WHEREOF, Hydro One and the Generator have executed this Agreement in duplicate, as of Execution Date written below.

HYDRO ONE NETWORKS INC.


Name: Kelly Kingsley
Title: Manager – Distributed Generation
Execution Date: MARCH 14 / 2011
I have the authority to bind the Corporation.

XENECA LIMITED PARTNERSHIP, BY ITS GENERAL PARTNER XENECA GP INC.


Name: PATRICK W. GILLETTE
Title: DIRECTOR


Name: UNE ROBERT
Title: DIRECTOR
Date: MARCH 3, 2011
I/We have the authority to bind the corporation.
The corporation has the authority to bind the Limited Partnership.

Schedule "A": Scope of Work

Part A: Hydro One Connection Work

Hydro One will provide project management, engineering, equipment and materials, construction, commissioning and energization for all work required to be performed in respect of Hydro One's distribution system and transmission system in order to Connect the Generation Facility at the PCC.

This specification roughly describes the line and station works that Hydro One will provide to Connect the Generation Facility to Hydro One's distribution system. This specification is based on the "high-level" results from the Impact Assessment and may change materially which may have a material impact on the In-service Date and/or the Allocated Cost of Connection. Exceptions to the specifications are identified within each sub-project plan. All materials and equipment removed will be scrapped at site unless specifically stated otherwise.

CONNECTION ASSETS:

Part 1a: 44 kV Line Connection

Hydro One will:

- Commissioning, customer verification process, and COVER work including, but not limited to, document reviews and acceptance, design reviews and acceptance, and, review and acceptance of COVER.
- For Generation Facilities that lie along the existing distribution system, distribution line work is required to connect the proposed Generation Facility's tap line to the 44 kV, M62 feeder at the PCC (i.e. line tap connection).
- Provide metering services to connect the Generator:
 - Set up a pending account in CSS for the Generator.
 - Provide Hydro One's retail metering standard for revenue metering to Generator.
 - Review and approve proposed revenue metering design and SLD.
 - Supply and install required revenue meter(s) at the Generator's cost.
 - Check and verify operation of installed revenue metering system based on Hydro One requirements.

- Integrate meter point into Hydro One's power quality (PQ) monitoring system, including, but not limited to, set up in PQ View and set up on web interface.

Part 1b: Where Generator's Facilities do not meet the power distance test (CIA results) AND Generator to install dynamic compensation equipment

Intentionally Deleted.

EXPANSION:

Nil.

RENEWABLE ENABLING IMPROVEMENTS:

Hydro One will:

- Check Hydro One distribution system protection coordination and settings including High Voltage (HV) side of the Generation Facility.

UPSTREAM TRANSMISSION WORK:

The following work is to be performed on Hydro One's transmission system to address the impact on Hydro One's transmission system of the Connection of the Generation Facility:

- Install transfer trip between feeder breaker M62 and the Generation Facility. (Please check if Freewave radio is an option for this site. If not, use the standard NSD570 equipment.) This is the work at Hydro One's end only, and it excludes telecom circuit leasing and work at the Generation Facility's end.
- Distributed Generator End Open (DGEO) signal is required for the Auto-reclose Supervision of the 44 kV, M62 feeder breaker in Kirkland Lake TS.
- The feeder breaker must be capable of sending Transfer Trip and receiving DGEO signals.
- Use Low Set Block Signal (LSBS) from the Generation Facility to the feeder breaker M62 to avoid nuisance tripping due to the Generation Facility's interface transformer magnetizing in-rush current.
- Ensure phase and ground fault protection is directional to avoid nuisance tripping due to adjacent feeder faults.

- Metering devices for M62 feeder need to be compatible with reverse flow. Change if required since reverse power flow will occur on this feeder.
- Check the metering devices at Kirkland Lake TS and ensure they are compatible with reverse flow. Change if required since reverse power flow will occur at the station.
- Check the voltage regulating controller (ULTC controller) at Kirkland Lake TS and ensure it is compatible with reverse flow.

Note: Normal TCX controller with voltage setting only, and no line-drop compensation (LDC), is compatible with reverse flow. If ULTC controller is required to operate with LDC setting then controller needs to be upgraded.

Full monitoring is required to monitor the operation of the Generation Facility [Power output (MW/MX), voltage, and breaker position].

PART B: UPSTREAM HOST DISTRIBUTOR WORK

Nil.

PART C: CHANGES TO SCOPE OF WORK

Any change in the scope of the Hydro One Connection Work as described in this Agreement whether they are initiated by the Generator or are Non-Customer Initiated Scope Changes, may result in a change to the Estimated Allocated Cost of Connection and the schedule, including the In-service Date.

All scope changes initiated by the Generator must be made in writing to Hydro One. Hydro One will advise the Generator of any cost and schedule impacts of the scope changes initiated by the Generator. Hydro One will advise the Generator of any material cost and/or material schedule impacts of any Material Non-Customer Initiated Scope Changes.

Hydro One will not implement any scope changes initiated by the Generator until written approval has been received from the Generator accepting the new pricing and schedule impact.

Hydro One will implement all Non-Customer Initiated Scope Change(s) until the estimate of the cost of the Non-Customer Initiated Scope Change(s) made by Hydro One reaches 10% of the total Estimated Allocated Cost of Connection. At that point, no further Non-Customer Initiated Scope Change(s) may be made by Hydro One without the written consent of the Customer accepting new pricing and schedule

impact. If the Customer does not accept the new pricing and schedule impact, Hydro One will not be responsible for any delay in the In-service Date as a consequence thereof.

Note:

Portions of the work described in Part A and Part B above may not be performed by Hydro One or the Host Distributor, as the case may be, until after the Generation Facility has been connected to Hydro One's distribution system, including, but not limited to all or portions of the Upstream Transmission Work, de-mobilization work, changes to Hydro One's or the LDC's documentation for their respective facilities, Field Mark prints (FMP) etc.

Schedule "B": Generator Connection Work

Part 1: General Project Requirements:

The Generator shall:

- (a) enter into a Connection Agreement with Hydro One at least 30 days prior to the first Connection to Hydro One's distribution system;
- (b) ensure that project data is made available or provided to Hydro One as required by Hydro One;
- (c) ensure that the work performed by the Generator and others required for successful installation, testing and commissioning of protective and metering equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;
- (d) obtain a certificate of inspection or other applicable approval to be issued or given by the Electrical Safety Authority in relation to the Generator's Facilities;
- (e) provide a dedicated dial-up business telephone circuit for the metering equipment in accordance with Hydro One requirements;
- (f) provide telephone communication between Hydro One's operator and the Generator's Operator;
- (g) make any changes to the Generator's Facilities required for compliance with the *Electrical Safety Code*;
- (h) complete its engineering design and provide Hydro One with detailed electrical drawings at least six (6) months prior to the In-service Date mutually agreed by the parties or as reasonably required by Hydro One; and
- (i) Provide a COVER that is signed by a Professional Engineer registered in Ontario.
- (j) Provide Distributed Generator End Open signal to support automatic re-closing
- (k) Ensure that Generation Facilities are in compliance with the CIA.

Items (d), (e), and (f) of Part 1 above shall survive the termination of this Agreement.

Part 2: Line tap and Grounding Related Issues

The Generator shall furnish and install a disconnection switch at the PCC for the Generation Facility that opens, with a visual break, all ungrounded poles of the connection circuit. The disconnection switch at the PCC shall be rated for the voltage and fault current requirements of the Facility, and shall meet all applicable CSA standards, ESA requirements, and all other Applicable Laws. The switch enclosure, if applicable, shall be properly grounded. The disconnection switch at the PCC shall be accessible at all times, located for ease of access to Hydro One's personnel, and shall be capable of being locked in the open position.

Part 3: Teleprotection at the Generator's Facilities

The Generator will:

- Provide LSBS to mitigate inadvertent trips.
- Accept Transfer Trip Signals from Hydro One's M62 feeder breaker.
- Provide DGEO Signal to the Hydro One's M62 feeder breaker.
- Provide full monitoring of the Generation Facility

Part 3 shall survive the termination of this Agreement.

Part 4: Telecommunications

Prior to the Connection of the Generator's Facilities, the Generator will:

- Provide communications cable entrance facility and cable protection at the Generator's Facilities for telephone circuit for metering and any transfer trip or breaker status if required.
- Be responsible for all monthly leasing costs, and, if required in the future, be responsible for the yearly leasing charge (per pair) for Hydro One's neutralizing transformer capacity. This requirement will be a term in the Connection Agreement.
- Provide circuit routing.

Part 4 shall survive the termination of this Agreement.

Part 5: Work Eligible for Alternative Bid

Not Applicable

Part 6: Revenue Metering

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, the Generator will be responsible for all costs for Hydro One to supply and install a four quadrant interval metering facility in accordance with, but not limited to, the requirements of Distribution System

Code, Measurement Canada, Retail Settlement Code and Hydro One. The Generator may make other arrangements for the metering facility installation that are acceptable to Hydro One and must submit the drawings and specifications for Hydro One's review to determine if the metering location, design and any applicable loss calculations are acceptable to Hydro One. Hydro One will own and maintain the interval metering facility and dedicated dial-up business telephone circuit, if such circuit is required.

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, the Generator will provide to Hydro One the necessary information so that Hydro One may arrange for registration of the meter point with IESO, if applicable, and arrange for totalization table and settlement systems updates.

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, if the Generator is a primary metered generator, the Generator shall procure new high accuracy current transformers that meet ANSI 0.15s

(the "CTs"). The Generator shall also ensure that the CTs have manufacturer warranties for a period of at least two (2) years with such warranties being transferable to Hydro One. The Generator shall be deemed to have transferred the CTs to Hydro One for \$1.00 immediately prior to the Generator signing the Connection Agreement.

Part 7: Where Generator's Facilities do not meet the power distance test (CIA results) AND Generator to install dynamic compensation equipment

Intentionally Deleted.

Part 8: Documentation

Prior to Connection of the Generator's Facilities to Hydro One's distribution system, the Generator shall have provided Hydro One with the Connection interface documents specified below for review by Hydro One in the implementation Connection phase.

Connection of a Generation Facility to Hydro One's Distribution System

LIST OF REQUIRED DOCUMENTS

DG Proponent Deliverables: Documents and Timelines

Version: Rev 3

	Doc.	Remarks	Timelines	Due Date (Project Specific, based on ISD)
1. Initial Documents	1. Single Line Diagram 2. Protection Description Doc. & Power Factor Control 3. SCADA Communication / Telemetry Points 4. Power Factor Control of Generator	1. The SLD must be acceptable as per the TIR containing all devices clearly identified with the type and brief specifications; including but not limited to: a) Clear mention / identification of the PCC b) Circuit Breakers c) Transformers d) Disconnecting Switch e) PTs f) Fuses g) Protections h) Teleprotection i) How and where Transfer Trip and DGEO are integrated in and means of communication. j) Status devices k) Device Nomenclature assigned L) Others 2. The Protection Description Doc. must also be acceptable as per the TIR: including but not limited to: a) Introduction i) System Description b) Protection Description i) Communication ii) Transfer Trip Protection and means i.e. FreeWave Radio, NSD570 / Bell S4T4 iii) Feeder Protection iv) Embedded Generator End Open v) Generation Rejection (G/R) vi) Circuit Switcher Failure vii) Switching Station & Cables Protection viii) Pad Mount Transformer Protection ix) Interlocks x) Circuit switcher Auto-Recloser xi) Ground fault suppression at PCC xii) Generators	Required 6 months before ISD in DRAFT, 4 months before ISD: FINAL approved version.	

		<p>xiii) Generator Protection ix) Synchronizing of Generator:</p> <ul style="list-style-type: none"> •Description of Synchronizing Scheme (Synchronous & Inverter Units) & Connection Scheme for Induction Units <p>c) General Operating Philosophy</p> <p>d) Tripping Matrix / Relay Logic Diagrams</p> <p>3. SCADA Communication link / Telemetry Pts.: The SLD Doc. must also contain:</p> <p>a) SCADA / Telemetry Points, I/O List</p> <p>b) Device and Mode of communication / means of access i.e. RTU for SCADA points / Telemetry Path (either Cellular / wireless or Bell S4T4, Fibre)</p> <p>4. Power Factor Control of Generator</p> <p>i) Protection AC and DC EWD</p> <p>ii) Protection Three Line Diagrams</p> <p>iii) Interface Protection Relay / Fuse Co-ordination Study, Curves & Settings</p> <p>iv) Interface Electrical Equipment Technical Information / Data Sheets / Manufacturer's Nameplate Information</p> <p>v) Breaker Failure Protection AC and DC EWD</p> <p>vi) Detailed Power Factor Control Plan</p>		
2. Interface Protection Settings	Proposed Interface Protection Settings	Draft Settings	2 Months before ISD	
		Final Settings	2 Weeks before ISD	
3. Metering	Metering	<p>Following must be provided by the Generator if they make other arrangements acceptable to Hydro One to supply and install the metering facility.</p> <p>Revenue Metering Single Line</p> <p>1) Meter Form, MV 90</p> <p>2) Site Specific Loss Adjustment</p>	Required 3 months before ISD	

		(SSLA): (Line and Transformer, as per Market Manual 3-3.5, stamped by an Electrical Engineer Registered in Ontario, Note: Revenue metering single line diagram to use the format and provide the information as per IESO Market Manual 3: Metering, Part 3.6 conceptual Drawing Review. Show ownership boundaries, transformers, CTs, VTs, isolating device / disconnect, breakers, operating designations, etc.		
4. GPR Study	Ground Potential Rise (GPR) Study		Hydro One may require GPR study results	
5. SCADA Comm.	SCADA Communication link / Telemetry Points:	Order Modem & provide ESN No.	3 Months before ISD	
		Activate Modem & Communication link testing	6 Weeks before ISD	
		Verification of End to End Testing / SCADA points testing	2 weeks before ISD	
6. COVER Doc.	Commissioning & Verification Procedure, Plan & Schedule Discussion / Meeting	Formal Discussion / Meeting with Hydro One regarding Commissioning Plan, Procedures and Schedule	3 months before ISD	
	COVER Stage 1 – DRAFT/PLAN COVER		Required 2 months before ISD (Back Feed or Generation)	
	COVER Stage 2 – FINAL COVER (Pre-Energization)		2 weeks before ISD	
	COVER Stage 3 – FINAL COVER (Post-Energization)		Required within 5 business days after ISD	
7.	DCA		Draft DCA: 3 months before ISD (Either Back Feed or Generation)	
			Final Signed: 1 month before ISD	
8.	Generator License		Confirmation of Generator License required 2 weeks before ISD	
9.	ESA Certification		2 Weeks before ISD (Either Back Feed or Generation)	

Note:

- Any delay in submission of each doc. as above will cause delay in the negotiated ISD depending upon the doc., significance and prevailing situations and circumstances

2. Each additional review / resubmission of above documents will lead to additional costs to the project / proponent
3. The requirement of documents and timelines as above are subject to change as per policies, codes and practices time to time but due notice will be given to the proponents
4. The above list includes drawings that would generally be required for Generation Facility projects.
5. Additional drawings / information may be required for certain projects. In such cases, Hydro One will duly inform the Generation Facility.
6. For small generation facility projects, some drawings / information may not be required. For example, those relating to tele-protection, breaker failure, etc.
7. Hydro One's review of Generation Facility drawing / data / protection settings & witnessing of commissioning tests etc. shall be limited only to those portions of the Generation Facility that interests Hydro One and which interfaces with its distribution system.
8. The Generator shall be responsible to coordinate the design, installation, testing, operation and maintenance of its facilities in conformance with applicable codes, standards, Hydro One and IESO connection requirements, service performance requirements and all relevant laws and regulations. The Generator shall obtain, at its expense, any and all authorizations, permits and licenses required for the construction and operation of its Generation Facilities.

Schedule "C": Estimated Allocated Cost of Connection and Miscellaneous

PART 1:

1.1 Total Estimated Allocated Cost of Connection

The total estimated allocated cost of connection (excluding applicable Taxes) is summarized as follows:

Connection Assets:	\$51,000.00
Expansion:	\$0
Renewable Enabling Improvements:	\$14,000.00
Upstream Costs: ¹	\$663,000.00
Upstream Transmission Rebates:	\$0

Total Estimated Allocated Cost of Connection	\$728,000.00
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The total estimated allocated cost of connection (excluding applicable Taxes) is based on the Class "C" Estimate. Notwithstanding the provision of such Class "C" Estimate to the Generator, the final allocation to the Generator of the cost of connection will be based on the Actual Cost of the Hydro One Connection Work.

1.2 Contingencies:

The above-estimate does not include contingencies that may be necessary in order to Connect the Generation Facility to Hydro One's distribution system. These contingencies include, but are not limited to:

- i. Generator initiated scope changes;
- ii. Changes to the scope of any Required Connection Work;
- iii. planned outage delays/cancellations; subsequent line/equipment commissioning; and
- iv. removal and treatment of contaminated soil during excavation.

1.3 Deposits due on execution of Agreement by Generator:

Connection Cost Deposit:	\$714,000.00
Expansion Deposit:	\$0
Capacity Allocation Deposit:	\$0 where the Generator has an executed OPA contract which includes a requirement for security deposits or similar payments

PART 2: MISCELLANEOUS

2.1 Description of Generation Facility

Consists of 1 x 2100 kW Hydraulic Turbine and is located at Kirkland Lake District/Marter Township.

2.2 Point of Common Coupling/PCC/Point of Supply:

The Generation Facility will be connected to the 44 kV M62 Hydro One distribution feeder of Kirkland Lake Transmission Station.

2.3 In-service Date

To be mutually agreed by no later than 45 days after the latest of the date that:

- (a) Hydro One has accepted and executed the agreement which occurs after the Generator has delivered and executed this Agreement to Hydro One; and
- (b) the Generator paid Hydro One the Deposits specified above in Section 1.3 of this Schedule "C".

¹ Includes the cost of any Upstream Transmission Work and/or Upstream Host Distributor Work.

In any event, the In-service Date shall not be later than:

- (i) five (5) years from the Application date specified in section 2.4 below for water power projects; or
- (ii) three (3) years from the Application date specified in section 2.4 below for other types of projects.

2.4 Application Date

June 30, 2010

2.5 Hydro One's Assets:

A. Hydro One will own all equipment and facilities installed by Hydro One as part of the Hydro One Connection Work in, under, on, over, along, upon, through and crossing Hydro One's Property(ies).

B. Hydro One will own the following equipment installed by the Generator in, under, on, over, along, upon, through and crossing Hydro One's Property(ies):

- 1) Nil

C. Hydro One will own the following equipment installed by Hydro One as part of the Hydro One Connection Work in, under, on, over, along, upon, through and crossing the Generator's Property:

- 1) Nil

D. Hydro One will own the following equipment installed by the Generator in, under, on, over, along, upon, through and crossing the Generator's Property(ies):

- 1) High accuracy current transformers that meet ANSI 0.15s.

E. Where applicable, Hydro One will own any Expansion including, any Work Eligible for Alternative Bid with the exception of any Expansion made by a Host Hydro One as part of any required Host Hydro One Work.

2.6 Documentation Required:

Documentation describing the as-built electrical information shall include a resubmission of the information listed in Part 6 of Schedule "B" marked "as built" and signed by a Professional Engineer registered in Ontario.

Schedule "D": Offer to Connect

Nil.

Schedule "E": Allocated Cost of Connection Statement

Project Investment No.	
Ready for service date	
Project Title	
Project Description	
Labour (including Design, Engineering, Construction and Commissioning)	
Material	
Equipment	
Overhead (including Administration and Project Management)	
Total Cost K\$	\$

Note 1: Estimated costs during project execution issued to the Generator in accordance with Schedules "A" and "C" for Hydro One Connection work associated with the Connection of the Generation Facility.

Definitions

1. Throughout the Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Act" means the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Schedule "B", as amended.

"Actual Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads and interest thereon.

"Commercial Operation" has the meaning given to it in Section 2.6 (a) of the form of Feed-In-Tariff Contract posted on the Ontario Power Authority's website on September 30, 2009.

"Commercial Operation Date" means the date on which Commercial Operation is first attained.

"Allocated Cost of Connection" means the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One has allocated to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, a Capital Contribution as determined by performing an Economic Evaluation using the Actual Cost of the Expansion and any costs payable pursuant to Subsection 15(c);
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (f) the amounts of any rebates made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap irrespective of whether such amounts were originally included in the Estimated Allocated Cost of Connection or in the Class "C" Estimate; and
- (g) the amounts of any Upstream Transmission Rebates.

"Additional Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Additional Work" means any work beyond the work described in Schedule "A" as a result of any changes in scope caused by or requested by the Generator and any work that is increased beyond the work estimated in Schedule "A" due to any delays or other actions caused by or requested by the Generator.

"Applicable Laws", means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or

government department, commission, board, court authority or agency.

"Application" means the Generator's application for Connection of the Generation Facility to Hydro One's distribution system.

"Application Date" means the date that the Generator submitted its Application to Hydro One and is as specified in Section 2.4 of Schedule "C".

"Bank" means a bank listed in Schedule I or II of the *Bank Act* (Canada).

"Business Day" means a day other than Saturday, Sunday, statutory holiday in Ontario or any other day on which the principal chartered banks located in the City of Toronto, are not open for business during normal banking hours.

"Cancellation/Termination Costs" means the Actual Cost of the Hydro One Connection Work (plus applicable Taxes) and any Upstream Host Distributor Work accrued on and prior to the date that the Connection is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Hydro One Connection Work and any Upstream Host Distributor Work, including, storage costs, facility removal expenses and any environmental remediation costs.

"Capacity Allocation Exempt Small Embedded Generation Facility" has the meaning given to it in the Code.

"Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Capital Contribution" is the amount that Hydro One may charge the Generator in respect of an Expansion to connect the Generation Facility which shall not exceed the Generator's share of the present value of the projected capital costs (including, where applicable, any Transfer Price paid by Hydro One for the Work Eligible for Alternative Bid) and on-going maintenance costs of the Expansion facilities.

"Class C Estimate" means the rough estimate provided to the Generator by Hydro One of the cost of the work described in the high-level results from the Impact Assessment to be performed by Hydro One in order to Connect the Generation Facility which generally has a degree of accuracy of plus or minus fifty percent.

"Code" means the Distribution System Code issued by the OEB on July 14, 2000 as amended or revised from time to time.

"Connection" and "Connect" have the meaning given to the term "Connection" in the Code.

"Connection Agreement" has the meaning given to it in the Code.

"Connection Assets" has the meaning given to it in the Code.

"Connection Cost Deposit" means 100% of the total Estimated Allocated Cost of Connection as specified in Part I of Schedule "C".

"Connection Materials" means the materials ordered by Hydro One for the purpose of the Connection.

"COVER" stands for Hydro One's "Confirmation of Verification Evidence Report".

"Customer Impact Assessment" means a customer impact assessment performed by Hydro One's transmission business unit in accordance with the requirements of the Transmission System Code.

"Deposits" means collectively, the Capacity Allocation Deposit, the Additional Capacity Allocation Deposit, the Expansion Deposit and the Connection Cost Deposit.

"Distribute" has the meaning given to it in the Code.

"Economic Evaluation" means the analytical tool designed and used by Hydro One using the methodology and inputs described in Appendix "B" of the Code.

"Electricity Act, 1998" means the *Electricity Act*, 1998, S.O. 1998, c.15, Schedule "A", as amended

"Embedded Retail Generator" has the meaning given to it in the Code.

"Emergency" has the meaning given to it in the Code.

"Enabler Facility" has the meaning given to it in the Transmission System Code.

"Enhancement" has the meaning given to it in the Code.

"ESA" means the Electrical Safety Authority.

"Estimated Allocated Cost of Connection" means Hydro One's estimate of the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One will have to allocate to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, the Capital Contribution as determined by performing an Economic Evaluation using a Class "C" estimate of the Actual Cost of the Expansion and the costs payable pursuant to Subsection 15(c) below;
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (e) the amounts of any rebates that will have to be made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap; and
- (f) the amounts of any Upstream Transmission Rebates.

"Expansion" has the meaning given to it in the Code.

"Expansion Deposit" means a deposit requested by Hydro One to be paid by the Generator that covers both the forecast risk (the risk associated with whether any projected revenue for the Expansion will materialize as forecasted) and the asset risk (the risk associated with ensuring that the Work Eligible for Alternative Bid when it is performed by the Generator, is constructed, that it is completed to the proper design and technical standards and specifications, and that the Work Eligible for Alternative Bid operates properly when energized) which shall not exceed:

- (a) 100% of the present value of any forecasted revenues where the Generator has to pay a Capital Contribution; and
- (b) 100% of the present value of the projected capital costs and on-going maintenance costs of the work that is not eligible for alternative bid and the Work Eligible for Alternative Bid facilities where the Generator does not have to pay a Capital Contribution.

"Force Majeure Event" means any cause, existing or future, which is beyond the reasonable control of, and not a result of the fault or negligence of, the affected party and includes, strikes, lockouts and any other labour disturbances and manufacturer's delays for equipment or materials required for any Required Connection Work.

"Generation Facility" means the generation facility described in Schedule "C".

"Generator Connection Work" means the work to be performed by the Generator, at its sole expense, which is described in Schedule "B" attached to the Agreement as well as the work described in Part III of the Agreement, if any.

"Generator Default" means any of the following:

- (a) failure by the Generator to pay any amount due under the Agreement within the time stipulated for payment;
- (b) breach by the Generator of any term, condition or covenant of the Agreement;
- (c) the making of an order or resolution for the winding up of the Generator or of its operations or the occurrence of any other dissolution or liquidation proceeding instituted by or against the Generator.

"Generator's Facilities" means the Generation Facility and associated Connection devices, protection systems and control systems owned or operated by the Generator.

"Generator's Property(ies)" means any lands owned by the Generator in fee simple or where the Generator now or hereafter has obtained easement rights.

"Good Utility Practice" has the meaning given to it in the Code.

"Host Distributor" has the meaning given to it in the Code.

"Upstream Host Distributor Work" means any work required to be performed by a Host Distributor on its distribution system in order for Hydro One to Connect the Generation

Facility to Hydro One's distribution system, including the work described in Part C of Schedule "A", attached to the Agreement.

"Hydro One Connection Work" means all of the work to be performed by Hydro One that is required to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part A of Schedule "A", attached to the Agreement.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator.

"Impact Assessment" means the impact assessment performed by Hydro One for the Project in accordance with Section 6.2.12 or Section 6.2.13 of the Code, as the case may be, prior to the execution of the Agreement and includes any revisions which may be made to that Impact Assessment from time to time thereafter.

"In-service Date" means the date that Hydro One accepts the normal operation of the Generator's Facilities.

"Interest" means interest accrued monthly commencing on the receipt of any cash Deposit at the Prime Business Rate set by the Bank of Canada less 2 percent.

"Large Embedded Generation Facility" has the meaning given to it in the Code.

"Lender" means a bank or other entity whose principal business is that of a financial institution and that is financing or refinancing the Generation Facility.

"Letter of Credit Minimum Requirements" means a letter of credit that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) issued by a Bank;
- (c) allows for presentment in Toronto, Ontario or presentment using a valid fax number where the Bank does not have a branch in Toronto, Ontario;
- (d) have an expiry date that is acceptable to Hydro One;
- (e) provide that any notice that the Bank does not wish to extend the letter of credit for any additional period of expiry must be provided, in writing, to Hydro One Networks Inc., 185 Clegg Road, Markham ON L6G 1B7, Attn: Denise Hunt (R32E2), at least sixty (60) days prior to any expiration date;
- (f) permits partial drawings and multiple presentations;
- (g) provides that drawings will be paid on written demand without the issuing Bank enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the Generator;
- (h) only requirement to be met in order to draw on the letter of credit is that Hydro One present the letter of credit and a certificate stating that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*, 20__, as it may be

amended by the Generator and Hydro One from time to time;

- (i) provides that banking charges and commissions associated with the letter of credit are payable by the Generator;
- (j) subject to the International Standby Practices "ISP 98" ICC Publication no. 590 ("ISP 98");
- (k) provide that notwithstanding ISP 98, in the event that the original of the letter of credit is lost, stolen, mutilated or destroyed, the Bank will agree to replace same upon written notice from Hydro One setting out the circumstances;
- (l) provides that matters not expressly covered by ISP 98, will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (m) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"Market Rules" means the rules made by the IESO under Section 32 of the *Electricity Act*, 1998.

"Meter Service Provider" means a person that provides, installs, commissions, registers, maintains, repairs, replaces, inspects and tests metering installations.

"Material Revision Impact Assessment" means a revision to the Impact Assessment performed by Hydro One as a result of the Generator making material revisions to the design, planned equipment or plans for the Generation Facility after the execution of the Agreement.

"Mid-Sized Embedded Generation Facility" has the meaning given to it in the Code.

"Non-Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the scope of the Hydro One Connection Work as a result of any one or more of the following:

- (a) any changes or revisions to the Impact Assessment made after the execution of the Agreement;
- (b) any changes or revisions to the Customer Impact Assessment;
- (c) any changes or revisions to the System Impact Assessment;
- (d) environmental assessment(s);
- (e) the requirements set out in an approval received under Section 92 of the *Ontario Energy Board Act*;
- (f) any requirements identified by the IESO in respect of any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system;
- (g) any changes to any Required Enhancement(s);
- (h) any change to any requirements identified by the Host Distributor in respect of the Upstream Host Distributor Work; and
- (i) changes made to the TIR.

"Ownership Demarcation Point" has the meaning given to it in the Code.

"Point of Common Coupling" or "PCC" or "Point of Supply" means the point where the Generator's Facilities are to Connect to Hydro One's distribution system and is as specified in Schedule "C" of the Agreement.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the In Service Date, including, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Required Enhancement" means collectively, any Enhancement, Renewable Enabling Improvement or any Enabler Facility that needs to be completed and in service in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system irrespective of whether the cost of any of this work is part of the Allocated Cost of Connection.

"Required Connection Work" means collectively, the Hydro One Connection Work, any Required Enhancement and any Upstream Host Distributor Work.

"Renewable Enabling Improvement" has the meaning given to it in the Code and is limited to those items listed in Section 3.3.2 of the Code.

"Renewable Energy Expansion Cost Cap" has the meaning given to it in the Code.

"Renewable Energy Generation Facility" has the meaning given to it in the Act.

"Renewable Energy Source" has the meaning given to it in the Act.

"Small Embedded Generation Facility" has the meaning given to it in the Code.

"Surety Bond Requirements" means a surety bond that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) surety must be Canadian;
- (c) surety must be financially acceptable to Hydro One must have at, a minimum, a long-term credit rating of "A" from a bond-rating agency acceptable to Hydro One;
- (d) has an expiry date that is acceptable to Hydro One;
- (e) provides that fees, charges and commissions associated with the surety bond, including drawings therefrom, are payable by the Generator;
- (f) permit partial drawings and multiple presentations;
- (g) provide that drawings will be paid without the surety enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the said Generator;
- (h) only requirement to be met in order to draw on the surety bond is that Hydro One present a certificate certifying that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*,

20__, as it may be amended by the Generator and Hydro One from time to time;

- (i) will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (j) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"System Impact Assessment" or "SIA" means the system impact assessment performed by the IESO in respect of connections that the IESO's connection assessment and approvals process requires a system impact assessment which includes without limitation, the connection of a Large Embedded Generation Facility.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"TIR" means Hydro One's Distributed Generation Technical Interconnection Requirements: Interconnections at Voltages 50kV and Below", as amended from time to time, which is available on Hydro One's website.

"Transfer Price" means the lower of the cost to the Generator to construct the Work Eligible for Alternative Bid or the amount set out in the Initial Offer to Connect attached to the Agreement as Schedule "D" for Hydro One to perform the Work Eligible for Alternative Bid.

"Transmission System Code" means the code of standards and requirements issued by the OEB on July 25, 2005, as it may be amended, revised or replaced in whole or in part from time to time.

"Upstream Costs" means the Actual Cost of any Upstream Transmission Work allocated in accordance with the requirements of the *Transmission System Code* and the Actual Cost of any Upstream Host Distributor Work allocated in accordance with the requirements of the *Distribution System Code*.

"Upstream Transmission Rebates" means refunds payable to any initial contributors in respect of work previously or currently being performed on Hydro One's transmission system at the expense of initial contributor(s) where such work benefits future customers that connect to Hydro One's distribution system within five years of the in service date of that work., which may include the Generator. The amount of any Upstream Transmission Rebates payable are determined by Hydro One considering such factors as the relative name-plated capacities of the initial contributor(s) and the future connecting customer(s).

"Upstream Transmission Work" means any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part B of Schedule "A", attached to the Agreement.

"Work Eligible for Alternative Bid" means the Expansion work identified in the Initial Offer to Connect attached to the

Agreement as Schedule "D" as work for which the Generator may obtain an alternative bid.

Incorporation of Code and Application of Conditions of Service

2.1 The Code, as it may be amended from time to time, is hereby incorporated in its entirety by reference into, and forms part of, the Agreement. Unless the context otherwise requires, all references to "the Agreement" include a reference to the Code.

2.2 Hydro One hereby agrees to be bound by and at all times to comply with the Code, and the Generator acknowledges and agrees that Hydro One is bound at all times to comply with the Code in addition to complying with the provisions of the Agreement.

2.3 In addition to the Agreement, the relationship between Hydro One and the Generator will be governed by Hydro One's Conditions of Service that are in effect at the relevant time. In the event of a conflict or an inconsistency between a provision of the Agreement and a provision of Hydro One's Conditions of Service, the provision of the Agreement shall govern.

2.4 In the event of a conflict or an inconsistency between a provision of the Code or the Agreement, the provision of the Code shall govern. The fact that a condition, right, obligation or other term appears in the Agreement but not in the Code shall not be interpreted as, or deemed grounds for finding of a conflict or inconsistency.

Hydro One Connection Work

3. Hydro One shall perform the Hydro One Connection Work in a manner consistent with Good Utility Practice, in accordance with the Conditions of Service and the Code, and in compliance with all Applicable Laws.

4. Except as provided herein Hydro One makes no warranties, express or implied, and Hydro One disclaims any warranty implied by law, including implied warranties of merchantability or fitness for a particular purpose and implied warranties of custom or usage with respect to the Hydro One Connection Work, the Upstream Host Distributor Work and any Required Connection Work.

5. The Hydro One Connection Work, any Required Connection Work and Hydro One's rights and requirements in the Agreement are solely for the purpose of Hydro One ensuring that:

- (a) the safety, reliability and efficiency of the distribution system and the transmission system are not materially adversely affected by the Connection of the Generation Facility to the distribution system; and
- (b) Hydro One's distribution system and transmission system are adequately protected from potential damage or increased operating costs resulting from the Connection of the Generation Facility.

6. Hydro One shall use commercially reasonable efforts to complete the Hydro One Connection Work by the In-service Date as established in accordance with Section 2.3 of Schedule "C" provided that:

- (a) the Generator has completed the Generator Connection Work in accordance with the terms and conditions of the Agreement;
- (b) the Generator is in compliance with its obligations under the Agreement;
- (c) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One;
- (d) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws in order to perform all or any part of the Required Connection Work:
 - (i) environmental approvals, permits or certificates;
 - (ii) land use permits from the Crown; and
 - (iii) building permits and site plan approvals;
- (e) Hydro One does not have to use its employees, agents and contractors performing any of the Required Connection Work elsewhere on its transmission system or distribution system due to an Emergency or a Force Majeure Event;
- (f) where applicable, the Host Distributor is able to complete the Upstream Host Distributor Work by the date agreed by Hydro One and the Host Distributor in the agreement made between Hydro One and the Host Distributor with respect to such work;
- (g) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work or any Required Enhancement;
- (h) Hydro One is able, using commercially reasonable efforts, to obtain all necessary land rights on commercially reasonable terms prior to the dates upon which Hydro One needs to commence construction of all or any portion of the Required Connection Work;
- (i) where applicable, Hydro One has accepted the metering installation, metering location and transformer loss calculation submitted by the Generator's Meter Service Provider;
- (j) Hydro One is able to obtain the materials required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
- (k) the scope of the Hydro One Connection Work, any Required Enhancement or any Upstream Host Distributor Work does not change substantially for any reason after the execution of the Agreement, including, as a result of the requirements of or matters raised in any System Impact Assessment (including

any revisions), Customer Impact Assessment (including any revisions thereto) the Impact Assessment (including any revisions such as a Material Revision Impact Assessment);

- (l) the Generator has delivered to Hydro One, any applicable written authorization(s) of the Electrical Safety Authority required for Hydro One to make the temporary and any subsequent Connections; and
- (m) there are no delays resulting from the non-completion of any work that needs to be performed on Hydro One's distribution system or transmission system (including, but not limited to, work being performed for a third party connecting a generation facility to Hydro One's distribution system or transmission system) for any reason whatsoever where such work needs to be completed in order for Hydro One to connect the Generation Facility.

The Generator acknowledges and agrees that the In-service Date may be materially affected by difficulties faced by Hydro One in obtaining or the inability of Hydro One to obtain all necessary land rights and/or environmental approvals, permits or certificates and where applicable, any approvals required for under Section 92 of the Act for any part of the Required Connection Work.

7. Once the Generator informs Hydro One that it has received all necessary approvals, provides Hydro One with a copy of the authorization to Connect from the ESA and enters into a Connection Agreement, Hydro One shall act promptly to Connect the Generation Facility to Hydro One's distribution system. Subject to delays in commissioning and testing of the Generation Facility which are beyond the control of Hydro One, Hydro One shall Connect a Small Embedded Generation Facility within the timelines prescribed in Subsection 6.2.21 of the Code.

8. The Generator acknowledges and agrees that where there is a Material Revision to An Impact Assessment and that Material Revision to An Impact Assessment:

- (a) differs in a material respect from the then-current Impact Assessment, that Part V of the Agreement applies; and
- (b) even though it does not differ in a material respect from the then-current Impact Assessment, may result in the scope of the Hydro One Connection Work required to be performed on Hydro One's distribution system and/or any work to be performed on Hydro One's transmission system in order for the Generation Facility to Connect to Hydro One's distribution system to change substantially which could affect the In-service Date and/or the Actual Cost of the Hydro One Connection Work actually required to be performed by Hydro One in order for the Generation Facility to Connect to Hydro One's distribution system.

9. Upon completion of the Hydro One Connection Work, Hydro One shall own, operate and maintain all equipment referred to in Part 2.5 of Schedule "C". Where applicable, the Host Distributor will own, operate and

maintain all equipment installed or upgraded as part of the Upstream Host Distributor Work.

Generator's Obligations – Connection

10. Except as specifically provided herein, the Generator is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws for the construction, Connection and operation of the Generator's Facilities including, the approval(s) of the Electrical Safety Authority. The Generator shall provide copies of such permits, certificates, reviews and approvals to Hydro One upon Hydro One's request.

11. The Generator shall ensure that the Generator's Facilities:

- (a) meet all applicable requirements of the ESA;
- (b) conform to all applicable industry standards including, those of the Canadian Standards Association ("CSA"), the Institute of Electrical and Electronic Engineers, the American National Standards Institute and the International Electrotechnical Commission;
- (c) are installed and constructed in accordance with the Agreement (including the requirements set out in Schedule "B" of the Agreement), Hydro One's Offer to Connect, the requirements of the ESA, all applicable reliability standards and Good Utility Practice;
- (d) other than as specifically permitted in Part III of the Agreement, comply with the requirements described in the TIR, including any additions, modifications or changes to the TIR that are made before the In-service Date; and
- (e) meet the technical requirements specified in Appendix F.2 of the Code.

12. The Generator acknowledges and agrees that:

- (a) it shall install its own meter in accordance with Hydro One's metering requirements preferably at the Point of Supply with adequate time to allow commissioning for the metering prior to energization of the Generation Facility and provide Hydro One with the technical details of the metering installation;
- (b) Hydro One has the right to witness the commissioning and testing of the Connection of the Generation Facility to Hydro One's distribution system;
- (c) the Generator shall retain the services of a professional engineer(s) appropriately licensed in Ontario to design and commission the electrical and protection facilities that may impact Hydro One's distribution system, Hydro One's transmission system and where applicable, the distribution system of a Host Distributor; and
- (d) the Generator's submissions to Hydro One shall be signed and stamped by a professional engineer appropriately licensed in the province of Ontario.

13. The Generator shall provide Hydro One with copies of the "as built" documentation specified in Schedule "B", acceptable to Hydro One, by no later than 30 days after the execution of the Connection Agreement and the Generator shall ensure that Hydro One may retain this information for Hydro One's ongoing planning, system design, and operating review; and, it shall maintain and revise the documentation to reflect changes to the Generator's Facilities and provide copies to Hydro One on demand or as specified in the Connection Agreement.

Access

14.1 The Generator shall permit and, if the land on which the Generation Facility is located is not owned by Generator, cause such landowner to permit, Hydro One's employees and agents to enter the property on which the Generation Facility is located at any reasonable time. Such access shall be provided for the purposes of inspecting and/or testing the Generation Facility as and when permitted by the Agreement, the Code or Hydro One's Conditions of Service or as required to establish work protection, or to perform any of the Hydro One Connection work.

14.2 Notwithstanding subsection 21(a) below, where Hydro One causes damage to the Generator's property as part of this access, Hydro One shall pay to the Generator the Generator's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

14.3 Notwithstanding subsection 21(a) below, if the Generator has been given access to Hydro One's Property(ies), and if the Generator causes damage to Hydro One's Property(ies) as part of that access, the Generator shall pay Hydro One's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

Expansion - Alternative Bid Work Terms and Conditions:

15. Where the Generator has chosen to pursue an alternative bid in respect of an Expansion and uses the services of a qualified contractor for the Work Eligible for Alternative Bid:

(a) the Generator shall:

- (i) complete all of the Work Eligible for Alternative Bid;
- (ii) select and hire the construction;
- (iii) assume full responsibility for the construction of the Work Eligible for Alternative Bid;
- (iv) be responsible for administering the contract including, the acquisition of all required permissions, permits and easements;
- (v) ensure that the Work Eligible for Alternative Bid is performed in accordance with Hydro One's design and technical standards and specifications;

(b) Hydro One shall have inspected and have approved all aspects of the constructed facilities as part of a system

commissioning activity prior to the Connection of the Work Eligible for Alternative Bid to Hydro One's existing distribution system;

(c) the Generator shall be responsible for paying the Actual Cost of the following work to be performed by Hydro One:

- (i) the design of the Work Eligible for Alternative Bid;
- (ii) the engineering or installation of facilities required to complete the project;
- (iii) administration of the contract between the Generator and the contractor hired by the Generator if asked to do so by the Generator and Hydro One agrees, in writing, to do so; and
- (iv) inspection or approval of the work performed by the contractor hired by the Generator;

(d) by no later than fifteen (15) days prior to the date that the assets are to be transferred to Hydro One, the Generator shall provide Hydro One with a breakdown of the cost of the Work Eligible for Alternative Bid in a form acceptable to Hydro One, together with copies of all documents related to the Work Eligible for Alternative Bid including all invoices, purchase orders and fixed price contracts related to the design and construction of the Work Eligible for Alternative Bid and the procurement of equipment.

(e) the Generator shall represent and warrant to Hydro One on the date that the Work Eligible for Alternative Bid is transferred to Hydro One that:

- (i) the Work Eligible for Alternative Bid is free and clear of all mortgages, liens, demands, charges, pledges, adverse claims, rights, title, retention agreements, security interests, or other encumbrances of any nature and kind whatsoever;
- (ii) the Work Eligible for Alternative Bid is free and clear of any work orders, non-compliance orders, deficiency notices or other such notices relative to the Work Eligible for Alternative Bid Assets or any part thereof which have been issued by any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies;
- (iii) there are no matters under discussion with any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies relating to work orders, non-compliance orders, deficiency notices or other such notices pertaining to all or any part of the Work Eligible for Alternative Bid;
- (iv) the Generator is the sole owner of the Work Eligible for Alternative Bid;
- (v) that the Work Eligible for Alternative Bid has been performed in accordance with Hydro One's design and technical standards and specifications; and
- (vi) all deficiencies identified by Hydro One have been remedied;

(f) the Generator agrees that the representations and warranties in (e) above shall survive the transfer, and the execution and delivery of any easements or other land rights, bills of sale, assignments or other

instruments of transfer of title to the Work Eligible for Alternative Bid and the payment of the transfer price; and

- (g) the Generator shall execute all documents necessary to evidence the transfer of the Work Eligible for Alternative Bid to Hydro One, including bills of sale or similar documents and legal, binding and registrable easements from all legal and beneficial owners of lands traversed by the Work Eligible for Alternative Bid and/or land use permits for Crown lands traversed by the Work Eligible for Alternative Bid, satisfactory to and in favour of Hydro One; and
- (h) the Generator understands and agrees that Hydro One will not assume and shall not be liable or responsible for any and all liabilities, debts or obligations and demands, direct or indirect, absolute or contingent, of the Generator, whether or not related to, attributable to or in any way connected with the Work Eligible for Alternative Bid. The Generator shall pay, satisfy, assume, discharge, observe, perform, fulfil, release, and indemnify and save harmless Hydro One and its successors, its directors, officers, employees, representatives and agents from and against such liabilities, debts and obligations and all costs, expenses, debts, demands, proceedings, suits, actions, losses or claims in connection therewith. This obligation shall survive the termination of the Agreement; and
- (i) Hydro One shall pay the Generator the Transfer Price on the transfer date. The Transfer Price shall be considered a cost to Hydro One for the purposes of the final Economic Evaluation to be performed by Hydro One.

Allocated Cost of Connection, Deposits and Cancellation/Termination Costs

16. The Generator shall pay Hydro One the Allocated Cost of Connection. Upon the execution of the Agreement by the Generator, the Generator shall provide Hydro One with:

- (a) the Connection Cost Deposit;
- (b) the Capacity Allocation Deposit if the Generator does not have an executed OPA contract for the Generation Facility; and
- (c) the Expansion Deposit, where applicable,

in the amounts specified in Section 1.3 of Schedule "C" which must be in the form of cash (by way of certified cheque), letter of credit or surety bond. Letters of credit must meet the Letter of Credit Minimum Requirements and surety bonds must meet the Surety Bond Minimum Requirements. Hydro One strongly encourages the Generator to pay the Connection Cost Deposit in cash so as to reduce interest during construction charges.

Where the Connection Cost Deposit is provided in cash, Hydro One shall have the right to use the Connection Cost Deposit as Hydro One incurs costs that are part of the Allocated Cost of Connection. Where the Connection Cost Deposit is provided in any form other than cash, Hydro One

may invoice the Generator from time to time for work performed that is part of the Allocated Cost of Connection and should the Generator fail to pay any invoice, Hydro One shall have the right to draw on the letter of credit or surety deposit, as the case may be. If the Generator pays the invoice(s) in full, Hydro One may lower the amount secured by the letter of credit or surety deposit, as the case may be, by an amount not to exceed the amounts of the invoices so paid so long as the letter of credit or surety deposit permits Hydro One to do so, from time to time on written notice to the Bank with no penalty, banking charges and commissions being payable by Hydro One.

In the event that Hydro One determines from time to time, acting reasonably, that the Connection Cost Deposit specified in Section 1.3 of Schedule "C" is inadequate based on Hydro One's forecast that the Allocated Cost of Connection will exceed the Estimated Allocated Cost of Connection by 20% or more, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit from time to time in an amount equal to the forecasted deficiency. In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit. This will also assist in reducing interest during construction charges.

If the Generation Facility is not connected to Hydro One's distribution system fifteen (15) calendar months following the execution of the Agreement and the Generator does not have an executed OPA contract which includes a requirement for security deposits or similar payments, the Generator shall pay Hydro One an Additional Capacity Allocation Deposit by no later than the first day of the sixteenth (16th) calendar month following the execution of the Agreement.

Should a letter of credit or surety bond be set to expire before the Generator has been invoiced for and/or paid the Allocated Cost of Connection, Hydro One shall have the right to draw upon same not earlier than 30 days prior to the expiry of the letter of credit or surety bond and shall treat the amount drawn as a cash deposit.

Hydro One will return any Expansion Deposit in accordance with the requirements of Section 3.2.23 of the Code (and Section 3.2.26 of the Code where the Expansion Deposit is in the form of cash) subject to Hydro One's rights to retain and use the Expansion Deposit in accordance with Sections 3.2.22 and 3.2.24 of the Code. Subject to Part V of the Agreement, Hydro One will return the Capacity Allocation Deposit and any Additional Capacity Allocation Deposit (with interest if any such deposit(s) are in the form of cash) by no later than 30 calendar days following the In-service Date.

Hydro One shall use reasonable commercial efforts to provide the Generator with a final invoice or credit memorandum within 180 days following the later of: (i) the In-Service Date; and (b) the date that Hydro One fully performs all of the Hydro One Connection Work, including, but not limited to those portions of the Hydro One Connection Work that may be completed following the In-Service Date. The final invoice or credit memorandum shall

indicate whether the Connection Cost Deposit exceeds or is less than Allocated Cost of Connection (plus applicable Taxes). Any difference shall be paid within 30 days after the rendering of the said final invoice or credit memorandum by Hydro One to the Generator. If the Connection Cost Deposit exceeds the Allocated Cost of Connection, Hydro One shall pay interest on the amount by which the Connection Cost Deposit exceeded the Allocated Cost of Connection where the Connection Cost Deposit was provided in the form of cash).

In addition to the final invoice or credit memorandum, Hydro One shall also provide the Generator with the Allocated Cost of Connection Statement in the form attached to the Agreement as Schedule "E".

17. Future customers that benefit from any part of the Upstream Transmission Work who connect to Hydro One's distribution system within five years of the in service date of that part of the Upstream Transmission Work will be required to pay an Upstream Transmission Rebate. Any Upstream Transmission Rebate collected by Hydro One in respect of any part of the Upstream Transmission Work will be paid to the Generator as a refund following the connection of any such future customer(s). The Generator acknowledges and agrees that should any such future customer(s) challenge the requirement to pay an Upstream Transmission Rebate and should the OEB agree that such future customer(s) should not have had to make such payment, that the Generator will refund to Hydro One any Upstream Transmission Rebate(s) that the Generator received from Hydro One. THIS OBLIGATION SHALL SURVIVE THE TERMINATION OF THE AGREEMENT.

18. Hydro One shall refund to the Generator or the Generator shall pay to Hydro One any amount, which the OEB subsequently determines should not have been allocated to the Generator or should have been allocated to the Generator by Hydro One but were not, as the case may be, or should have been allocated in a manner different from that allocated by Hydro One in the Agreement.

19. Hydro One will obtain the Generator's approval prior to Hydro One authorizing the purchase of materials or the performance of work that will attract Premium Costs if the total of the Premium Costs exceed \$10,000.00. Premium Costs are in addition to the costs payable by the Generator pursuant to Section 16 hereof. The Generator acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One will not be liable to the Generator as a result thereof. The Generator shall pay any prior-approved Premium Costs within 30 days after the date of Hydro One's invoice.

20. If the Connection is cancelled, or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Generator shall pay the Cancellation/Termination Costs. Hydro One will apply the Connection Cost Deposit and where applicable, the Expansion Deposit, against the Cancellation/ Termination Costs. In the event that the Connection Cost Deposit and where applicable, the Expansion Deposit:

- (a) exceeds the Cancellation/Termination Costs, the unspent Connection Cost Deposit and where

applicable, the Expansion Deposit will be returned to the Generator by no later than 180 days after the date that the Connection is cancelled or the Agreement is terminated; and

- (b) is less than Cancellation/Termination Costs, the Generator shall pay Hydro One the difference within 30 days after the date of Hydro One's invoice.

21. In the event that the Generator sells, leases or otherwise transfers or disposes of all or part of the Generator's Facilities to a third party during the term of the Agreement, the Generator shall cause the purchaser, lessee or other third party to whom the Generator's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Generator's rights and obligations in the Agreement; and notwithstanding such assumption agreement, the Generator shall remain obligated to pay the amounts thereafter payable pursuant to Sections 16, 17, 18, 19 and 20 hereof by the purchaser, lessee or other third party in the case of a transfer or disposition.

Liability and Force Majeure

22.(a) The liability provisions of section 2.2 of the Code apply to the Agreement and are hereby incorporated by reference into, and forms part of, the Agreement *mutatis mutandis*.

(b) The parties agree that the aggregate liability of Hydro One under the Agreement and in particular under Subsection 21(a) above, shall at no time exceed the Allocated Cost of Connection.

(c) A party shall have a duty to mitigate any losses relating to any claim for indemnification from the other party that may be made in relation to that other party. Nothing in this section shall require the mitigating party to mitigate or alleviate the effects of any strike, lockout, restrictive work practice or other labour dispute.

(d) A party shall give prompt notice to the other party of any claim with respect to which indemnification is being or may be sought under the Agreement.

23. The liability provisions set out in Section 21 above shall not apply to damages to Hydro One's distribution system or increased operating costs resulting from the Connection of the Generation Facility to Hydro One's distribution system. The Generator shall reimburse Hydro One for same in accordance with the invoices rendered by Hydro One for same.

24. The force majeure provisions of section 2.3 of the Code apply to the Agreement and are hereby incorporated by reference into, and form part of, the Agreement *mutatis mutandis*.

25. Sections 22, 23 and 24 above shall survive the termination of the Agreement.

Waiver

26. A waiver of any default, breach or non-compliance under the Agreement is not effective unless in writing and

signed by the party to be bound by the waiver. The waiver by a party of any Event of Default, breach or non-compliance under the Agreement shall not operate as a waiver of that party's rights under the Agreement in respect of any continuing or subsequent Event of Default, breach or non-compliance, whether of the same or any other nature.

Amendment

27. Any amendment to the Agreement shall be made in writing and duly executed by both parties.

Exchange and Confidentiality of Information

28. Section 20 of the form of Connection Agreement for a Small Embedded Generation Facility or a Mid-Sized Embedded Generation Facility set out in Appendix E of the Code is hereby incorporated by reference into, and forms part of the Agreement *mutatis mutandis*.

Interpretation

29. Unless otherwise specified, references in the Agreement to Sections or Schedules are to sections, articles and Schedules of the Agreement. Any reference in the Agreement to any statute, regulation, any OEB-approved documents or any section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation, document or section as amended, restated or re-enacted from time to time. The insertion of headings is for convenience only, and shall not affect the interpretation of the Agreement. Unless the context requires otherwise, words importing the singular include the plural and vice versa. The words "including" or "includes" means including (or includes) without limitation.

Invoices and Interest

30. Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including amounts that are not invoiced but required under the terms of the Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

Assignment, Successors and Assigns, Lenders

31.(a) Except as set out in Section 31 below, the Generator shall not assign its rights or obligations under the Agreement in whole or in part without the prior written consent of Hydro One, which consent shall not be unreasonably withheld or unduly delayed. Hydro One may withhold its consent to any proposed assignment until the proposed assignee assumes, in writing, all of the Generator's obligations contained in the Agreement.

(b) Hydro One shall have the right to assign the Agreement in whole upon written notification to the Generator.

(c) The Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

31(a). The Generator may, without the written consent of Hydro One, assign by way of security only all or any

part of its rights or obligations under the Agreement to a Lender(s). The Generator shall promptly notify Hydro One, in writing, upon making such assignment.

(b) The Generator may disclose confidential information of Hydro One to a Lender or prospective Lender provided that the Generator has taken all precautions as may be reasonable and necessary to prevent unauthorized use or disclosure of Hydro One's confidential information by a Lender or prospective Lender.

(c) Where a notice of default has been served on the Generator under Part V of the Agreement, an agent or trustee for and on behalf of the Lender(s) ("Security Trustee") or a receiver appointed by the Security Trustee ("Receiver") shall upon notice to Hydro One be entitled (but not obligated) to exercise all of the rights and obligations of the Generator under the Agreement and shall be entitled to remedy the default specified in the notice of default within the cure period referred to in Part V. Hydro One shall accept performance of the Generator's obligations under the Agreement by the Security Trustee or Receiver in lieu of the Generator's performance of such obligations.

(d) the Lender will have no obligation or liability under the Agreement by reason of the assignment until such time as the Lender, the Security Trustee or the Receiver exercises any of the rights or obligations of the Generator under the Agreement.

(e) notwithstanding subsection (d) above, Hydro One agrees that the Lender will have no obligation or liability under the Agreement by reason of the assignment if the Lender exercises the obligation of the Generator under the Agreement to cure a default for failing to pay an amount(s) due and owing under the Agreement within the cure period provided for in the Agreement after written notice of such default is delivered to the Generator.

(f) The Generator shall be deemed to hold the provisions of this Section 31 that are for the benefit of Lender(s) in trust for such Lender(s) as third party beneficiary(ies) under the Agreement.

Survival:

32. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 16, 17, 18, 19 or 20 shall survive the termination of the Agreement.

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Definitions

1. Throughout the Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Act" means the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Schedule "B", as amended.

"Actual Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads and interest thereon.

"Commercial Operation" has the meaning given to it in Section 2.6 (a) of the form of Feed-In-Tariff Contract posted on the Ontario Power Authority's website on September 30, 2009.

"Commercial Operation Date" means the date on which Commercial Operation is first attained.

"Allocated Cost of Connection" means the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One has allocated to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, a Capital Contribution as determined by performing an Economic Evaluation using the Actual Cost of the Expansion and any costs payable pursuant to Subsection 15(c);
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (f) the amounts of any rebates made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap irrespective of whether such amounts were originally included in the Estimated Allocated Cost of Connection or in the Class "C" Estimate; and
- (g) the amounts of any Upstream Transmission Rebates.

"Additional Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Additional Work" means any work beyond the work described in Schedule "A" as a result of any changes in scope caused by or requested by the Generator and any work that is increased beyond the work estimated in Schedule "A" due to any delays or other actions caused by or requested by the Generator.

"Applicable Laws", means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or

government department, commission, board, court authority or agency.

"Application" means the Generator's application for Connection of the Generation Facility to Hydro One's distribution system.

"Application Date" means the date that the Generator submitted its Application to Hydro One and is as specified in Section 2.4 of Schedule "C".

"Bank" means a bank listed in Schedule I or II of the *Bank Act* (Canada).

"Business Day" means a day other than Saturday, Sunday, statutory holiday in Ontario or any other day on which the principal chartered banks located in the City of Toronto, are not open for business during normal banking hours.

"Cancellation/Termination Costs" means the Actual Cost of the Hydro One Connection Work (plus applicable Taxes) and any Upstream Host Distributor Work accrued on and prior to the date that the Connection is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Hydro One Connection Work and any Upstream Host Distributor Work, including, storage costs, facility removal expenses and any environmental remediation costs.

"Capacity Allocation Exempt Small Embedded Generation Facility" has the meaning given to it in the Code.

"Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Capital Contribution" is the amount that Hydro One may charge the Generator in respect of an Expansion to connect the Generation Facility which shall not exceed the Generator's share of the present value of the projected capital costs (including, where applicable, any Transfer Price paid by Hydro One for the Work Eligible for Alternative Bid) and on-going maintenance costs of the Expansion facilities.

"Class C Estimate" means the rough estimate provided to the Generator by Hydro One of the cost of the work described in the high-level results from the Impact Assessment to be performed by Hydro One in order to Connect the Generation Facility which generally has a degree of accuracy of plus or minus fifty percent.

"Code" means the Distribution System Code issued by the OEB on July 14, 2000 as amended or revised from time to time.

"Connection" and "Connect" have the meaning given to the term "Connection" in the Code.

"Connection Agreement" has the meaning given to it in the Code.

"Connection Assets" has the meaning given to it in the Code.

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"Connection Cost Deposit" means 100% of the total Estimated Allocated Cost of Connection as specified in Part I of Schedule "C".

"Connection Materials" means the materials ordered by Hydro One for the purpose of the Connection.

"COVER" stands for Hydro One's "Confirmation of Verification Evidence Report".

"Customer Impact Assessment" means a customer impact assessment performed by Hydro One's transmission business unit in accordance with the requirements of the Transmission System Code.

"Deposits" means collectively, the Capacity Allocation Deposit, the Additional Capacity Allocation Deposit, the Expansion Deposit and the Connection Cost Deposit.

"Distribute" has the meaning given to it in the Code.

"Economic Evaluation" means the analytical tool designed and used by Hydro One using the methodology and inputs described in Appendix "B" of the Code.

"Electricity Act, 1998" means the *Electricity Act*, 1998, S.O. 1998, c.15, Schedule "A", as amended

"Embedded Retail Generator" has the meaning given to it in the Code.

"Emergency" has the meaning given to it in the Code.

"Enabler Facility" has the meaning given to it in the Transmission System Code.

"Enhancement" has the meaning given to it in the Code.

"ESA" means the Electrical Safety Authority.

"Estimated Allocated Cost of Connection" means Hydro One's estimate of the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One will have to allocate to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, the Capital Contribution as determined by performing an Economic Evaluation using a Class "C" estimate of the Actual Cost of the Expansion and the costs payable pursuant to Subsection 15(c) below;
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (e) the amounts of any rebates that will have to be made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap; and
- (f) the amounts of any Upstream Transmission Rebates.

"Expansion" has the meaning given to it in the Code.

"Expansion Deposit" means a deposit requested by Hydro One to be paid by the Generator that covers both the forecast risk (the risk associated with whether any projected revenue for the Expansion will materialize as forecasted) and the asset risk (the risk associated with ensuring that the Work Eligible for Alternative Bid when it is performed by the Generator, is constructed, that it is completed to the proper design and technical standards and specifications, and that the Work Eligible for Alternative Bid operates properly when energized) which shall not exceed:

- (a) 100% of the present value of any forecasted revenues where the Generator has to pay a Capital Contribution; and
- (b) 100% of the present value of the projected capital costs and on-going maintenance costs of the work that is not eligible for alternative bid and the Work Eligible for Alternative Bid facilities where the Generator does not have to pay a Capital Contribution.

"Force Majeure Event" means any cause, existing or future, which is beyond the reasonable control of, and not a result of the fault or negligence of, the affected party and includes, strikes, lockouts and any other labour disturbances and manufacturer's delays for equipment or materials required for any Required Connection Work.

"Generation Facility" means the generation facility described in Schedule "C".

"Generator Connection Work" means the work to be performed by the Generator, at its sole expense, which is described in Schedule "B" attached to the Agreement as well as the work described in Part III of the Agreement, if any.

"Generator Default" means any of the following:

- (a) failure by the Generator to pay any amount due under the Agreement within the time stipulated for payment;
- (b) breach by the Generator of any term, condition or covenant of the Agreement;
- (c) the making of an order or resolution for the winding up of the Generator or of its operations or the occurrence of any other dissolution or liquidation proceeding instituted by or against the Generator.

"Generator's Facilities" means the Generation Facility and associated Connection devices, protection systems and control systems owned or operated by the Generator.

"Generator's Property(ies)" means any lands owned by the Generator in fee simple or where the Generator now or hereafter has obtained easement rights.

"Good Utility Practice" has the meaning given to it in the Code.

"Host Distributor" has the meaning given to it in the Code.
 "Upstream Host Distributor Work" means any work required to be performed by a Host Distributor on its distribution system in order for Hydro One to Connect the Generation

Facility to Hydro One's distribution system, including the work described in Part C of Schedule "A", attached to the Agreement.

"Hydro One Connection Work" means all of the work to be performed by Hydro One that is required to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part A of Schedule "A", attached to the Agreement.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator.

"Impact Assessment" means the impact assessment performed by Hydro One for the Project in accordance with Section 6.2.12 or Section 6.2.13 of the Code, as the case may be, prior to the execution of the Agreement and includes any revisions which may be made to that Impact Assessment from time to time thereafter.

"In-service Date" means the date that Hydro One accepts the normal operation of the Generator's Facilities.

"Interest" means interest accrued monthly commencing on the receipt of any cash Deposit at the Prime Business Rate set by the Bank of Canada less 2 percent.

"Large Embedded Generation Facility" has the meaning given to it in the Code.

"Lender" means a bank or other entity whose principal business is that of a financial institution and that is financing or refinancing the Generation Facility.

"Letter of Credit Minimum Requirements" means a letter of credit that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) issued by a Bank;
- (c) allows for presentment in Toronto, Ontario or presentment using a valid fax number where the Bank does not have a branch in Toronto, Ontario;
- (d) have an expiry date that is acceptable to Hydro One;
- (e) provide that any notice that the Bank does not wish to extend the letter of credit for any additional period of expiry must be provided, in writing, to Hydro One Networks Inc., 185 Clegg Road, Markham ON L6G 1B7, Attn: Denise Hunt (R32E2), at least sixty (60) days prior to any expiration date;
- (f) permits partial drawings and multiple presentations;
- (g) provides that drawings will be paid on written demand without the issuing Bank enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the Generator;
- (h) only requirement to be met in order to draw on the letter of credit is that Hydro One present the letter of credit and a certificate stating that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*, 20__, as it may be

amended by the Generator and Hydro One from time to time;

- (i) provides that banking charges and commissions associated with the letter of credit are payable by the Generator;
- (j) subject to the International Standby Practices "ISP 98" ICC Publication no. 590 ("ISP 98");
- (k) provide that notwithstanding ISP 98, in the event that the original of the letter of credit is lost, stolen, mutilated or destroyed, the Bank will agree to replace same upon written notice from Hydro One setting out the circumstances;
- (l) provides that matters not expressly covered by ISP 98, will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (m) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"Market Rules" means the rules made by the IESO under Section 32 of the *Electricity Act, 1998*.

"Meter Service Provider" means a person that provides, installs, commissions, registers, maintains, repairs, replaces, inspects and tests metering installations.

"Material Revision Impact Assessment" means a revision to the Impact Assessment performed by Hydro One as a result of the Generator making material revisions to the design, planned equipment or plans for the Generation Facility after the execution of the Agreement.

"Mid-Sized Embedded Generation Facility" has the meaning given to it in the Code.

"Non-Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the scope of the Hydro One Connection Work as a result of any one or more of the following:

- (a) any changes or revisions to the Impact Assessment made after the execution of the Agreement;
- (b) any changes or revisions to the Customer Impact Assessment;
- (c) any changes or revisions to the System Impact Assessment;
- (d) environmental assessment(s);
- (e) the requirements set out in an approval received under Section 92 of the *Ontario Energy Board Act*;
- (f) any requirements identified by the IESO in respect of any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system;
- (g) any changes to any Required Enhancement(s);
- (h) any change to any requirements identified by the Host Distributor in respect of the Upstream Host Distributor Work; and
- (i) changes made to the TIR.

"Ownership Demarcation Point" has the meaning given to it in the Code.

"Point of Common Coupling" or "PCC" or "Point of Supply" means the point where the Generator's Facilities are to Connect to Hydro One's distribution system and is as specified in Schedule "C" of the Agreement.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the In Service Date, including, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Required Enhancement" means collectively, any Enhancement, Renewable Enabling Improvement or any Enabler Facility that needs to be completed and in service in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system irrespective of whether the cost of any of this work is part of the Allocated Cost of Connection.

"Required Connection Work" means collectively, the Hydro One Connection Work, any Required Enhancement and any Upstream Host Distributor Work.

"Renewable Enabling Improvement" has the meaning given to it in the Code and is limited to those items listed in Section 3.3.2 of the Code.

"Renewable Energy Expansion Cost Cap" has the meaning given to it in the Code.

"Renewable Energy Generation Facility" has the meaning given to it in the Act.

"Renewable Energy Source" has the meaning given to it in the Act.

"Small Embedded Generation Facility" has the meaning given to it in the Code.

"Surety Bond Requirements" means a surety bond that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) surety must be Canadian;
- (c) surety must be financially acceptable to Hydro One must have at, a minimum, a long-term credit rating of "A" from a bond-rating agency acceptable to Hydro One;
- (d) has an expiry date that is acceptable to Hydro One;
- (e) provides that fees, charges and commissions associated with the surety bond, including drawings therefrom, are payable by the Generator;
- (f) permit partial drawings and multiple presentations;
- (g) provide that drawings will be paid without the surety enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the said Generator;
- (h) only requirement to be met in order to draw on the surety bond is that Hydro One present a certificate certifying that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*,

20__, as it may be amended by the Generator and Hydro One from time to time;

- (i) will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (j) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"System Impact Assessment" or "SIA" means the system impact assessment performed by the IESO in respect of connections that the IESO's connection assessment and approvals process requires a system impact assessment which includes without limitation, the connection of a Large Embedded Generation Facility.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"TIR" means Hydro One's Distributed Generation Technical Interconnection Requirements: Interconnections at Voltages 50kV and Below", as amended from time to time, which is available on Hydro One's website.

"Transfer Price" means the lower of the cost to the Generator to construct the Work Eligible for Alternative Bid or the amount set out in the Initial Offer to Connect attached to the Agreement as Schedule "D" for Hydro One to perform the Work Eligible for Alternative Bid.

"Transmission System Code" means the code of standards and requirements issued by the OEB on July 25, 2005, as it may be amended, revised or replaced in whole or in part from time to time.

"Upstream Costs" means the Actual Cost of any Upstream Transmission Work allocated in accordance with the requirements of the *Transmission System Code* and the Actual Cost of any Upstream Host Distributor Work allocated in accordance with the requirements of the *Distribution System Code*.

"Upstream Transmission Rebates" means refunds payable to any initial contributors in respect of work previously or currently being performed on Hydro One's transmission system at the expense of initial contributor(s) where such work benefits future customers that connect to Hydro One's distribution system within five years of the in service date of that work., which may include the Generator. The amount of any Upstream Transmission Rebates payable are determined by Hydro One considering such factors as the relative name-plated capacities of the initial contributor(s) and the future connecting customer(s).

"Upstream Transmission Work" means any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part B of Schedule "A", attached to the Agreement.

"Work Eligible for Alternative Bid" means the Expansion work identified in the Initial Offer to Connect attached to the

Agreement as Schedule "D" as work for which the Generator may obtain an alternative bid.

Incorporation of Code and Application of Conditions of Service

2.1 The Code, as it may be amended from time to time, is hereby incorporated in its entirety by reference into, and forms part of, the Agreement. Unless the context otherwise requires, all references to "the Agreement" include a reference to the Code.

2.2 Hydro One hereby agrees to be bound by and at all times to comply with the Code, and the Generator acknowledges and agrees that Hydro One is bound at all times to comply with the Code in addition to complying with the provisions of the Agreement.

2.3 In addition to the Agreement, the relationship between Hydro One and the Generator will be governed by Hydro One's Conditions of Service that are in effect at the relevant time. In the event of a conflict or an inconsistency between a provision of the Agreement and a provision of Hydro One's Conditions of Service, the provision of the Agreement shall govern.

2.4 In the event of a conflict or an inconsistency between a provision of the Code or the Agreement, the provision of the Code shall govern. The fact that a condition, right, obligation or other term appears in the Agreement but not in the Code shall not be interpreted as, or deemed grounds for finding of a conflict or inconsistency.

Hydro One Connection Work

3. Hydro One shall perform the Hydro One Connection Work in a manner consistent with Good Utility Practice, in accordance with the Conditions of Service and the Code, and in compliance with all Applicable Laws.

4. Except as provided herein Hydro One makes no warranties, express or implied, and Hydro One disclaims any warranty implied by law, including implied warranties of merchantability or fitness for a particular purpose and implied warranties of custom or usage with respect to the Hydro One Connection Work, the Upstream Host Distributor Work and any Required Connection Work.

5. The Hydro One Connection Work, any Required Connection Work and Hydro One's rights and requirements in the Agreement are solely for the purpose of Hydro One ensuring that:

- (a) the safety, reliability and efficiency of the distribution system and the transmission system are not materially adversely affected by the Connection of the Generation Facility to the distribution system; and
- (b) Hydro One's distribution system and transmission system are adequately protected from potential damage or increased operating costs resulting from the Connection of the Generation Facility.

6. Hydro One shall use commercially reasonable efforts to complete the Hydro One Connection Work by the In-service Date as established in accordance with Section 2.3 of Schedule "C" provided that:

- (a) the Generator has completed the Generator Connection Work in accordance with the terms and conditions of the Agreement;
- (b) the Generator is in compliance with its obligations under the Agreement;
- (c) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One;
- (d) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws in order to perform all or any part of the Required Connection Work:
 - (i) environmental approvals, permits or certificates;
 - (ii) land use permits from the Crown; and
 - (iii) building permits and site plan approvals;
- (e) Hydro One does not have to use its employees, agents and contractors performing any of the Required Connection Work elsewhere on its transmission system or distribution system due to an Emergency or a Force Majeure Event;
- (f) where applicable, the Host Distributor is able to complete the Upstream Host Distributor Work by the date agreed by Hydro One and the Host Distributor in the agreement made between Hydro One and the Host Distributor with respect to such work;
- (g) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work or any Required Enhancement;
- (h) Hydro One is able, using commercially reasonable efforts, to obtain all necessary land rights on commercially reasonable terms prior to the dates upon which Hydro One needs to commence construction of all or any portion of the Required Connection Work;
- (i) where applicable, Hydro One has accepted the metering installation, metering location and transformer loss calculation submitted by the Generator's Meter Service Provider;
- (j) Hydro One is able to obtain the materials required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
- (k) the scope of the Hydro One Connection Work, any Required Enhancement or any Upstream Host Distributor Work does not change substantially for any reason after the execution of the Agreement, including, as a result of the requirements of or matters raised in any System Impact Assessment (including

any revisions), Customer Impact Assessment (including any revisions thereto) the Impact Assessment (including any revisions such as a Material Revision Impact Assessment);

- (l) the Generator has delivered to Hydro One, any applicable written authorization(s) of the Electrical Safety Authority required for Hydro One to make the temporary and any subsequent Connections; and
- (m) there are no delays resulting from the non-completion of any work that needs to be performed on Hydro One's distribution system or transmission system (including, but not limited to, work being performed for a third party connecting a generation facility to Hydro One's distribution system or transmission system) for any reason whatsoever where such work needs to be completed in order for Hydro One to connect the Generation Facility.

The Generator acknowledges and agrees that the In-service Date may be materially affected by difficulties faced by Hydro One in obtaining or the inability of Hydro One to obtain all necessary land rights and/or environmental approvals, permits or certificates and where applicable, any approvals required for under Section 92 of the Act for any part of the Required Connection Work.

7. Once the Generator informs Hydro One that it has received all necessary approvals, provides Hydro One with a copy of the authorization to Connect from the ESA and enters into a Connection Agreement, Hydro One shall act promptly to Connect the Generation Facility to Hydro One's distribution system. Subject to delays in commissioning and testing of the Generation Facility which are beyond the control of Hydro One, Hydro One shall Connect a Small Embedded Generation Facility within the timelines prescribed in Subsection 6.2.21 of the Code.

8. The Generator acknowledges and agrees that where there is a Material Revision to An Impact Assessment and that Material Revision to An Impact Assessment:

- (a) differs in a material respect from the then-current Impact Assessment, that Part V of the Agreement applies; and
- (b) even though it does not differ in a material respect from the then-current Impact Assessment, may result in the scope of the Hydro One Connection Work required to be performed on Hydro One's distribution system and/or any work to be performed on Hydro One's transmission system in order for the Generation Facility to Connect to Hydro One's distribution system to change substantially which could affect the In-service Date and/or the Actual Cost of the Hydro One Connection Work actually required to be performed by Hydro One in order for the Generation Facility to Connect to Hydro One's distribution system.

9. Upon completion of the Hydro One Connection Work, Hydro One shall own, operate and maintain all equipment referred to in Part 2.5 of Schedule "C". Where applicable, the Host Distributor will own, operate and

maintain all equipment installed or upgraded as part of the Upstream Host Distributor Work.

Generator's Obligations – Connection

10. Except as specifically provided herein, the Generator is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws for the construction, Connection and operation of the Generator's Facilities including, the approval(s) of the Electrical Safety Authority. The Generator shall provide copies of such permits, certificates, reviews and approvals to Hydro One upon Hydro One's request.

11. The Generator shall ensure that the Generator's Facilities:

- (a) meet all applicable requirements of the ESA;
- (b) conform to all applicable industry standards including, those of the Canadian Standards Association ("CSA"), the Institute of Electrical and Electronic Engineers, the American National Standards Institute and the International Electrotechnical Commission;
- (c) are installed and constructed in accordance with the Agreement (including the requirements set out in Schedule "B" of the Agreement), Hydro One's Offer to Connect, the requirements of the ESA, all applicable reliability standards and Good Utility Practice;
- (d) other than as specifically permitted in Part III of the Agreement, comply with the requirements described in the TIR, including any additions, modifications or changes to the TIR that are made before the In-service Date; and

(e) meet the technical requirements specified in Appendix F.2 of the Code.

12. The Generator acknowledges and agrees that:

- (a) it shall install its own meter in accordance with Hydro One's metering requirements preferably at the Point of Supply with adequate time to allow commissioning for the metering prior to energization of the Generation Facility and provide Hydro One with the technical details of the metering installation;
- (b) Hydro One has the right to witness the commissioning and testing of the Connection of the Generation Facility to Hydro One's distribution system;
- (c) the Generator shall retain the services of a professional engineer(s) appropriately licensed in Ontario to design and commission the electrical and protection facilities that may impact Hydro One's distribution system, Hydro One's transmission system and where applicable, the distribution system of a Host Distributor; and
- (d) the Generator's submissions to Hydro One shall be signed and stamped by a professional engineer appropriately licensed in the province of Ontario.

13. The Generator shall provide Hydro One with copies of the "as built" documentation specified in Schedule "B", acceptable to Hydro One, by no later than 30 days after the execution of the Connection Agreement and the Generator shall ensure that Hydro One may retain this information for Hydro One's ongoing planning, system design, and operating review; and, it shall maintain and revise the documentation to reflect changes to the Generator's Facilities and provide copies to Hydro One on demand or as specified in the Connection Agreement.

Access

14.1 The Generator shall permit and, if the land on which the Generation Facility is located is not owned by Generator, cause such landowner to permit, Hydro One's employees and agents to enter the property on which the Generation Facility is located at any reasonable time. Such access shall be provided for the purposes of inspecting and/or testing the Generation Facility as and when permitted by the Agreement, the Code or Hydro One's Conditions of Service or as required to establish work protection, or to perform any of the Hydro One Connection work.

14.2 Notwithstanding subsection 21(a) below, where Hydro One causes damage to the Generator's property as part of this access, Hydro One shall pay to the Generator the Generator's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

14.3 Notwithstanding subsection 21(a) below, if the Generator has been given access to Hydro One's Property(ies), and if the Generator causes damage to Hydro One's Property(ies) as part of that access, the Generator shall pay Hydro One's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

Expansion - Alternative Bid Work Terms and Conditions:

15. Where the Generator has chosen to pursue an alternative bid in respect of an Expansion and uses the services of a qualified contractor for the Work Eligible for Alternative Bid:

(a) the Generator shall:

- (i) complete all of the Work Eligible for Alternative Bid;
- (ii) select and hire the construction;
- (iii) assume full responsibility for the construction of the Work Eligible for Alternative Bid;
- (iv) be responsible for administering the contract including, the acquisition of all required permissions, permits and easements;
- (v) ensure that the Work Eligible for Alternative Bid is performed in accordance with Hydro One's design and technical standards and specifications;

(b) Hydro One shall have inspected and have approved all aspects of the constructed facilities as part of a system

commissioning activity prior to the Connection of the Work Eligible for Alternative Bid to Hydro One's existing distribution system;

(c) the Generator shall be responsible for paying the Actual Cost of the following work to be performed by Hydro One:

- (i) the design of the Work Eligible for Alternative Bid;
- (ii) the engineering or installation of facilities required to complete the project;
- (iii) administration of the contract between the Generator and the contractor hired by the Generator if asked to do so by the Generator and Hydro One agrees, in writing, to do so; and
- (iv) inspection or approval of the work performed by the contractor hired by the Generator;

(d) by no later than fifteen (15) days prior to the date that the assets are to be transferred to Hydro One, the Generator shall provide Hydro One with a breakdown of the cost of the Work Eligible for Alternative Bid in a form acceptable to Hydro One, together with copies of all documents related to the Work Eligible for Alternative Bid including all invoices, purchase orders and fixed price contracts related to the design and construction of the Work Eligible for Alternative Bid and the procurement of equipment.

(e) the Generator shall represent and warrant to Hydro One on the date that the Work Eligible for Alternative Bid is transferred to Hydro One that:

- (i) the Work Eligible for Alternative Bid is free and clear of all mortgages, liens, demands, charges, pledges, adverse claims, rights, title, retention agreements, security interests, or other encumbrances of any nature and kind whatsoever;
- (ii) the Work Eligible for Alternative Bid is free and clear of any work orders, non-compliance orders, deficiency notices or other such notices relative to the Work Eligible for Alternative Bid Assets or any part thereof which have been issued by any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies;
- (iii) there are no matters under discussion with any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies relating to work orders, non-compliance orders, deficiency notices or other such notices pertaining to all or any part of the Work Eligible for Alternative Bid;
- (iv) the Generator is the sole owner of the Work Eligible for Alternative Bid;
- (v) that the Work Eligible for Alternative Bid has been performed in accordance with Hydro One's design and technical standards and specifications; and
- (vi) all deficiencies identified by Hydro One have been remedied;

(f) the Generator agrees that the representations and warranties in (e) above shall survive the transfer, and the execution and delivery of any easements or other land rights, bills of sale, assignments or other

instruments of transfer of title to the Work Eligible for Alternative Bid and the payment of the transfer price; and

(g) the Generator shall execute all documents necessary to evidence the transfer of the Work Eligible for Alternative Bid to Hydro One, including bills of sale or similar documents and legal, binding and registrable easements from all legal and beneficial owners of lands traversed by the Work Eligible for Alternative Bid and/or land use permits for Crown lands traversed by the Work Eligible for Alternative Bid, satisfactory to and in favour of Hydro One; and

(h) the Generator understands and agrees that Hydro One will not assume and shall not be liable or responsible for any and all liabilities, debts or obligations and demands, direct or indirect, absolute or contingent, of the Generator, whether or not related to, attributable to or in any way connected with the Work Eligible for Alternative Bid. The Generator shall pay, satisfy, assume, discharge, observe, perform, fulfil, release, and indemnify and save harmless Hydro One and its successors, its directors, officers, employees, representatives and agents from and against such liabilities, debts and obligations and all costs, expenses, debts, demands, proceedings, suits, actions, losses or claims in connection therewith. This obligation shall survive the termination of the Agreement; and

(i) Hydro One shall pay the Generator the Transfer Price on the transfer date. The Transfer Price shall be considered a cost to Hydro One for the purposes of the final Economic Evaluation to be performed by Hydro One.

Allocated Cost of Connection, Deposits and Cancellation/Termination Costs

16. The Generator shall pay Hydro One the Allocated Cost of Connection. Upon the execution of the Agreement by the Generator, the Generator shall provide Hydro One with:

- (a) the Connection Cost Deposit;
- (b) the Capacity Allocation Deposit if the Generator does not have an executed OPA contract for the Generation Facility; and
- (c) the Expansion Deposit, where applicable,

in the amounts specified in Section 1.3 of Schedule "C" which must be in the form of cash (by way of certified cheque), letter of credit or surety bond. Letters of credit must meet the Letter of Credit Minimum Requirements and surety bonds must meet the Surety Bond Minimum Requirements. Hydro One strongly encourages the Generator to pay the Connection Cost Deposit in cash so as to reduce interest during construction charges.

Where the Connection Cost Deposit is provided in cash, Hydro One shall have the right to use the Connection Cost Deposit as Hydro One incurs costs that are part of the Allocated Cost of Connection. Where the Connection Cost Deposit is provided in any form other than cash, Hydro One

may invoice the Generator from time to time for work performed that is part of the Allocated Cost of Connection and should the Generator fail to pay any invoice, Hydro One shall have the right to draw on the letter of credit or surety deposit, as the case may be. If the Generator pays the invoice(s) in full, Hydro One may lower the amount secured by the letter of credit or surety deposit, as the case may be, by an amount not to exceed the amounts of the invoices so paid so long as the letter of credit or surety deposit permits Hydro One to do so, from time to time on written notice to the Bank with no penalty, banking charges and commissions being payable by Hydro One.

In the event that Hydro One determines from time to time, acting reasonably, that the Connection Cost Deposit specified in Section 1.3 of Schedule "C" is inadequate based on Hydro One's forecast that the Allocated Cost of Connection will exceed the Estimated Allocated Cost of Connection by 20% or more, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit from time to time in an amount equal to the forecasted deficiency. In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit. This will also assist in reducing interest during construction charges.

If the Generation Facility is not connected to Hydro One's distribution system fifteen (15) calendar months following the execution of the Agreement and the Generator does not have an executed OPA contract which includes a requirement for security deposits or similar payments, the Generator shall pay Hydro One an Additional Capacity Allocation Deposit by no later than the first day of the sixteenth (16th) calendar month following the execution of the Agreement.

Should a letter of credit or surety bond be set to expire before the Generator has been invoiced for and/or paid the Allocated Cost of Connection, Hydro One shall have the right to draw upon same not earlier than 30 days prior to the expiry of the letter of credit or surety bond and shall treat the amount drawn as a cash deposit.

Hydro One will return any Expansion Deposit in accordance with the requirements of Section 3.2.23 of the Code (and Section 3.2.26 of the Code where the Expansion Deposit is in the form of cash) subject to Hydro One's rights to retain and use the Expansion Deposit in accordance with Sections 3.2.22 and 3.2.24 of the Code. Subject to Part V of the Agreement, Hydro One will return the Capacity Allocation Deposit and any Additional Capacity Allocation Deposit (with interest if any such deposit(s) are in the form of cash) by no later than 30 calendar days following the In-service Date.

Hydro One shall use reasonable commercial efforts to provide the Generator with a final invoice or credit memorandum within 180 days following the later of: (i) the In-Service Date; and (b) the date that Hydro One fully performs all of the Hydro One Connection Work, including, but not limited to those portions of the Hydro One Connection Work that may be completed following the In-Service Date. The final invoice or credit memorandum shall

indicate whether the Connection Cost Deposit exceeds or is less than Allocated Cost of Connection (plus applicable Taxes). Any difference shall be paid within 30 days after the rendering of the said final invoice or credit memorandum by Hydro One to the Generator. If the Connection Cost Deposit exceeds the Allocated Cost of Connection, Hydro One shall pay Interest on the amount by which the Connection Cost Deposit exceeded the Allocated Cost of Connection where the Connection Cost Deposit was provided in the form of cash).

In addition to the final invoice or credit memorandum, Hydro One shall also provide the Generator with the Allocated Cost of Connection Statement in the form attached to the Agreement as Schedule "E".

17. Future customers that benefit from any part of the Upstream Transmission Work who connect to Hydro One's distribution system within five years of the in service date of that part of the Upstream Transmission Work will be required to pay an Upstream Transmission Rebate. Any Upstream Transmission Rebate collected by Hydro One in respect of any part of the Upstream Transmission Work will be paid to the Generator as a refund following the connection of any such future customer(s). The Generator acknowledges and agrees that should any such future customer(s) challenge the requirement to pay an Upstream Transmission Rebate and should the OEB agree that such future customer(s) should not have had to make such payment, that the Generator will refund to Hydro One any Upstream Transmission Rebate(s) that the Generator received from Hydro One. THIS OBLIGATION SHALL SURVIVE THE TERMINATION OF THE AGREEMENT.

18. Hydro One shall refund to the Generator or the Generator shall pay to Hydro One any amount, which the OEB subsequently determines should not have been allocated to the Generator or should have been allocated to the Generator by Hydro One but were not, as the case may be, or should have been allocated in a manner different from that allocated by Hydro One in the Agreement.

19. Hydro One will obtain the Generator's approval prior to Hydro One authorizing the purchase of materials or the performance of work that will attract Premium Costs if the total of the Premium Costs exceed \$10,000.00. Premium Costs are in addition to the costs payable by the Generator pursuant to Section 16 hereof. The Generator acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One will not be liable to the Generator as a result thereof. The Generator shall pay any prior-approved Premium Costs within 30 days after the date of Hydro One's invoice.

20. If the Connection is cancelled, or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Generator shall pay the Cancellation/Termination Costs. Hydro One will apply the Connection Cost Deposit and where applicable, the Expansion Deposit, against the Cancellation/ Termination Costs. In the event that the Connection Cost Deposit and where applicable, the Expansion Deposit:

- (a) exceeds the Cancellation/Termination Costs, the unspent Connection Cost Deposit and where

applicable, the Expansion Deposit will be returned to the Generator by no later than 180 days after the date that the Connection is cancelled or the Agreement is terminated; and

- (b) is less than Cancellation/Termination Costs, the Generator shall pay Hydro One the difference within 30 days after the date of Hydro One's invoice.

21. In the event that the Generator sells, leases or otherwise transfers or disposes of all or part of the Generator's Facilities to a third party during the term of the Agreement, the Generator shall cause the purchaser, lessee or other third party to whom the Generator's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Generator's rights and obligations in the Agreement; and notwithstanding such assumption agreement, the Generator shall remain obligated to pay the amounts thereafter payable pursuant to Sections 16, 17, 18, 19 and 20 hereof by the purchaser, lessee or other third party in the case of a transfer or disposition.

Liability and Force Majeure

22.(a) The liability provisions of section 2.2 of the Code apply to the Agreement and are hereby incorporated by reference into, and forms part of, the Agreement *mutatis mutandis*.

- (b) The parties agree that the aggregate liability of Hydro One under the Agreement and in particular under Subsection 21(a) above, shall at no time exceed the Allocated Cost of Connection.

(c) A party shall have a duty to mitigate any losses relating to any claim for indemnification from the other party that may be made in relation to that other party. Nothing in this section shall require the mitigating party to mitigate or alleviate the effects of any strike, lockout, restrictive work practice or other labour dispute.

- (d) A party shall give prompt notice to the other party of any claim with respect to which indemnification is being or may be sought under the Agreement.

23. The liability provisions set out in Section 21 above shall not apply to damages to Hydro One's distribution system or increased operating costs resulting from the Connection of the Generation Facility to Hydro One's distribution system. The Generator shall reimburse Hydro One for same in accordance with the invoices rendered by Hydro One for same.

24. The force majeure provisions of section 2.3 of the Code apply to the Agreement and are hereby incorporated by reference into, and form part of, the Agreement *mutatis mutandis*.

25. Sections 22, 23 and 24 above shall survive the termination of the Agreement.

Waiver

26. A waiver of any default, breach or non-compliance under the Agreement is not effective unless in writing and

signed by the party to be bound by the waiver. The waiver by a party of any Event of Default, breach or non-compliance under the Agreement shall not operate as a waiver of that party's rights under the Agreement in respect of any continuing or subsequent Event of Default, breach or non-compliance, whether of the same or any other nature.

Amendment

27. Any amendment to the Agreement shall be made in writing and duly executed by both parties.

Exchange and Confidentiality of Information

28. Section 20 of the form of Connection Agreement for a Small Embedded Generation Facility or a Mid-Sized Embedded Generation Facility set out in Appendix E of the Code is hereby incorporated by reference into, and forms part of the Agreement *mutatis mutandis*.

Interpretation

29. Unless otherwise specified, references in the Agreement to Sections or Schedules are to sections, articles and Schedules of the Agreement. Any reference in the Agreement to any statute, regulation, any OEB-approved documents or any section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation, document or section as amended, restated or re-enacted from time to time. The insertion of headings is for convenience only, and shall not affect the interpretation of the Agreement. Unless the context requires otherwise, words importing the singular include the plural and vice versa. The words "including" or "includes" means including (or includes) without limitation.

Invoices and Interest

30. Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including amounts that are not invoiced but required under the terms of the Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

Assignment, Successors and Assigns, Lenders

31.(a) Except as set out in Section 31 below, the Generator shall not assign its rights or obligations under the Agreement in whole or in part without the prior written consent of Hydro One, which consent shall not be unreasonably withheld or unduly delayed. Hydro One may withhold its consent to any proposed assignment until the proposed assignee assumes, in writing, all of the Generator's obligations contained in the Agreement.

(b) Hydro One shall have the right to assign the Agreement in whole upon written notification to the Generator.

(c) The Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

31(a). The Generator may, without the written consent of Hydro One, assign by way of security only all or any

part of its rights or obligations under the Agreement to a Lender(s). The Generator shall promptly notify Hydro One, in writing, upon making such assignment.

(b) The Generator may disclose confidential information of Hydro One to a Lender or prospective Lender provided that the Generator has taken all precautions as may be reasonable and necessary to prevent unauthorized use or disclosure of Hydro One's confidential information by a Lender or prospective Lender.

(c) Where a notice of default has been served on the Generator under Part V of the Agreement, an agent or trustee for and on behalf of the Lender(s) ("Security Trustee") or a receiver appointed by the Security Trustee ("Receiver") shall upon notice to Hydro One be entitled (but not obligated) to exercise all of the rights and obligations of the Generator under the Agreement and shall be entitled to remedy the default specified in the notice of default within the cure period referred to in Part V. Hydro One shall accept performance of the Generator's obligations under the Agreement by the Security Trustee or Receiver in lieu of the Generator's performance of such obligations.

(d) the Lender will have no obligation or liability under the Agreement by reason of the assignment until such time as the Lender, the Security Trustee or the Receiver exercises any of the rights or obligations of the Generator under the Agreement.

(e) notwithstanding subsection (d) above, Hydro One agrees that the Lender will have no obligation or liability under the Agreement by reason of the assignment if the Lender exercises the obligation of the Generator under the Agreement to cure a default for failing to pay an amount(s) due and owing under the Agreement within the cure period provided for in the Agreement after written notice of such default is delivered to the Generator.

(f) The Generator shall be deemed to hold the provisions of this Section 31 that are for the benefit of Lender(s) in trust for such Lender(s) as third party beneficiary(ies) under the Agreement.

Survival:

32. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 16, 17, 18, 19 or 20 shall survive the termination of the Agreement.

Connection Cost Agreement

between

Xeneca Limited Partnership

and

Hydro One Networks Inc.



FOR

**THE CONNECTION OF A 2.1 MW GENERATION FACILITY
TO HYDRO ONE'S DISTRIBUTION SYSTEM**

Xeneca Limited Partnership (the "**Generator**") has requested and Hydro One Networks Inc. ("**Hydro One**") is agreeable to performing the work required to connect the Generation Facility to Hydro One's distribution system at the Point of Common Coupling on the terms and conditions set forth in this **Connection Cost Agreement** which includes Schedules "A" (Scope of Work), "B" (Generator Connection Work), "C" (Estimated Allocated Cost of Connection and Miscellaneous), "D" (Offer to Connect); and "E" (Allocated Cost of Connection Statement) and the Standard Terms and Conditions V2011-1 (the "**Standard Terms and Conditions**") attached hereto (collectively, the "**Agreement**").

I. Representations and Warranties

The Generator represents and warrants to Hydro One as follows, and acknowledges that Hydro One is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) the Generation Facility is fully and accurately described in the Application;
- (b) all information in the Application is true and correct;
- (c) if the Generator is a corporation or other form of business entity, the Generator is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
- (d) the Generator has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (e) this Agreement constitutes a legal and binding obligation on the Generator, enforceable against the Generator in accordance with its terms;
- (f) any individual signing this Agreement on behalf of the Generator has been duly authorized by the Generator to sign this Agreement and has the full power and authority to bind the Generator; and
- (c) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada) and its HST registration number is 823432893RT0001.

Hydro One represents and warrants to the Generator as follows, and acknowledges that the Generator is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) Hydro One is duly incorporated under the laws of Ontario;
- (b) Hydro One has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (c) this Agreement constitutes a legal and binding obligation on Hydro One, enforceable against Hydro One in accordance with its terms; and
- (d) any individual signing this Agreement on behalf of Hydro One has been duly authorized by Hydro One to sign this Agreement and has the full power and authority to bind Hydro One; and
- (e) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada) and its HST number is 87086-5821 RT0001.

II. Except as expressly set out in this Agreement, this Agreement shall be in full force and effect and binding on the parties upon the date that this Agreement was executed by Hydro One and shall expire on the date that is after the latest of:

- (a) Hydro One performing all of the Hydro One Connection Work;
- (b) the Generator paying all amounts required to be paid by the Generator under the terms of this Agreement; and
- (c) where applicable, Hydro One refunding the Deposits in accordance with the terms of this Agreement (the "**Term**").

For the purposes of Subsection 6.2.4.1e.v of the Code, a default of this Agreement shall include a Generator Default. Hydro One shall give the Generator written notice of a Generator Default and allow the Generator 30 calendar days from the date of receipt of the notice to rectify the Generator Default, at the Generator's sole expense.

VI. Large Embedded Generation Facility

Where the Generation Facility is a Large Embedded Generation Facility, the following terms apply:

Once the IESO has completed the System Impact Assessment and Hydro One's transmission business unit has completed the Customer Impact Assessment in respect of the proposed connection of the Generation Facility to Hydro One's distribution system, Hydro One will have Hydro One's transmission business unit perform an estimate study to delineate the scope of work of the Upgrade Work and provide an estimate of the Upgrade Costs (the "**TX Estimate Study**"), at the Customer's expense. By no later than 30 days after Hydro One's business unit has delivered the results of the TX Estimate Study, Hydro One shall deliver to the Customer new Schedules "A", "B" and "C" (the "**New Schedules**") to replace Schedules "A", "B" and "C" attached hereto. The New Schedules shall be made a part hereof as though they had been originally incorporated into the Agreement.

By no later than 20 days after the New Schedules have been delivered to the Customer (the "**20-Day Period**"), the Customer shall increase the Connection Cost Deposit the Customer paid on the execution of this Agreement (the "**Original Connection Cost Deposit**") by the difference between the Original Connection Cost Deposit and the Total Estimated Allocated Cost of Connection set out in Section 1.1 of the new Schedule "C" plus applicable Taxes on such difference. Should the Customer fail to pay same prior to the expiry of the 20-Day Period:

- (i) this Agreement will be deemed to be terminated and the parties shall be under no legal obligation or have any liability of any nature whatsoever with respect to the matters described herein;
- (ii) Hydro One will remove the Generator's capacity allocation;
- (iii) the Generator's Capacity Allocation Deposit and/or any Additional Capacity Allocation Deposit paid pursuant to the terms of this Agreement will be forfeited by the Generator and will be retained by Hydro One in a deferral account for disposition by the OEB; and
- (iv) the Original Connection Cost Deposit less the Actual Cost of the TX Estimate Study (plus applicable Taxes) will be returned to the Generator.

For greater certainty, the Customer acknowledges and agrees that Hydro One will not perform any Hydro One Connection Work until Hydro One has increased the Connection Cost Deposit by the difference between the Original Connection Cost Deposit and the Total Estimated Allocated Cost of Connection set out in Section 1.1 of the new Schedule "C" plus applicable Taxes.

VII. Upstream Transmission Work and Upstream Transmission Rebates

Hydro One's estimate of the Upstream Costs and/or Upstream Transmission Rebates payable by the Generator as set out in Section 1.1. of Schedule "C" of this Agreement, if any, are based on transmission planner estimates as opposed to a Class "C" estimate.

Hydro One's transmission business will perform a Class "C" estimate of the Upstream Transmission Work. If the Class "C" estimate of the cost of the Upstream Transmission Work is greater than the

VIII. This Agreement:

- (a) except as expressly provided herein, constitutes the entire agreement between the parties with respect to the subject-matter hereof and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the subject matter hereof;
- (b) shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein; and
- (c) may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

IN WITNESS WHEREOF, Hydro One and the Generator have executed this Agreement in duplicate, as of Execution Date written below.

HYDRO ONE NETWORKS INC.



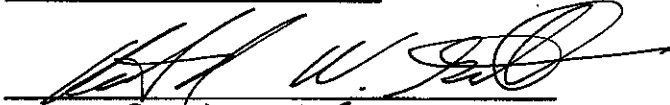
Name: Kelly Kingsley

Title: Manager – Distributed Generation

Execution Date: April 5 / 2011

I have the authority to bind the Corporation.

XENECA LIMITED PARTNERSHIP, BY ITS GENERAL PARTNER XENECA GP INC.



Name: PATRICK W. GILLETTE

Title: PRESIDENT & COO

Name:

Title:

Date: MAR 28, 2011

I/We have the authority to bind the corporation.

The corporation has the authority to bind the Limited Partnership.

Schedule "A": Scope of Work

Part A: Hydro One Connection Work

Hydro One will provide project management, engineering, equipment and materials, construction, commissioning and energization for all work required to be performed in respect of Hydro One's distribution system and transmission system in order to Connect the Generation Facility at the PCC.

This specification roughly describes the line and station works that Hydro One will provide to Connect the Generation Facility to Hydro One's distribution system. This specification is based on the "high-level" results from the Impact Assessment and may change materially which may have a material impact on the In-service Date and/or the Allocated Cost of Connection. Exceptions to the specifications are identified within each sub-project plan. All materials and equipment removed will be scrapped at site unless specifically stated otherwise.

CONNECTION ASSETS:

Part 1a: 44 kV Line Connection

Hydro One will:

- Conduct commissioning, customer verification process, and COVER work including, but not limited to, document reviews and acceptance, design reviews and acceptance, and, review and acceptance of COVER.
- For Generation Facilities that lie along the existing distribution system, distribution line work required to connect the proposed Generation Facility's tap line to the 44 kV, M4 feeder at the PCC (i.e. line tap connection).
- Check the impact of increased line to ground fault current on station grounding. (Fault contributions from the Generation Facility will be provided.)
- Provide metering services to connect the Generation Facility:
 - Set up a pending account in CSS for the Generator.
 - Provide Hydro One's retail metering standard for revenue metering to the Generator.
 - Review and approve proposed revenue metering design and SLD.

- Supply and install required revenue meter(s) at the Generator's cost
- Check and verify operation of installed revenue metering system based on Hydro One requirements.

- Integrate meter point into Hydro One power quality (PQ) monitoring system, including, but not limited to, set up in PQ View and set up on web interface.

Part 1b: Where Generator's Facilities do not meet the power distance test (CIA results) AND Generator to install dynamic compensation equipment

Intentionally Deleted.

RENEWABLE ENABLING IMPROVEMENTS:

Hydro One will:

- Check Hydro One distribution system protection coordination and settings including High Voltage (HV) side of the Generation Facility.

UPSTREAM TRANSMISSION WORK:

The following work is to be performed on Hydro One's transmission system to address the impact on Hydro One's transmission system of the Connection of the Generation Facility:

- Install transfer trip between feeder breaker M4 and the Generation Facility. (Please check if Freewave radio is an option for this site. If not, use the standard NSD570 equipment.) This is the work at Hydro One's end only, and it excludes telecom circuit leasing and work at the Generation Facility's end.
- Distributed Generator End Open (DGEO) signal is required for the Auto-reclose Supervision of the 44 kV, M4 feeder breaker in Larchwood TS.
- The feeder breaker must be capable of sending Transfer Trip and receiving DGEO signals.
- Use Low Set Block Signal (LSBS) from the Generation Facility to the feeder breaker M4 to avoid nuisance tripping due to the

Generation Facility's interface transformer magnetizing in-rush current.

- Implement cascading of the transfer trip signal from Project ID #12,650 – At Soo Crossing GS to Project ID #12,660 – Cascade Falls GS as Project ID #12,660 – Cascade Falls GS is connecting to the same feeder and is owned by the Generator.
- Metering devices for M4 feeder need to be compatible with reverse flow. Change if required since reverse power flow will occur on this feeder.
- Check the metering devices at Larchwood TS and ensure they are compatible with reverse flow. Change if required since reverse power flow will occur at the station.
- Ensure phase fault protection is directional to avoid nuisance tripping due to adjacent feeder faults.
- Monitoring requirement details as per the TIR.

PART B: UPSTREAM HOST DISTRIBUTOR WORK

Nil.

PART C: CHANGES TO SCOPE OF WORK

Any change in the scope of the Hydro One Connection Work as described in this Agreement whether they are initiated by the Generator or are Non-Customer Initiated Scope Changes, may result in a change to the Estimated Allocated Cost of Connection and the schedule, including the In-service Date.

All scope changes initiated by the Generator must be made in writing to Hydro One. Hydro One will advise the Generator of any cost and schedule impacts of the scope changes initiated by the Generator. Hydro One will advise the Generator of any material cost and/or material schedule impacts of any Material Non-Customer Initiated Scope Changes.

Hydro One will not implement any scope changes initiated by the Generator until written approval has been received from the Generator accepting the new pricing and schedule impact.

Hydro One will implement all Non-Customer Initiated Scope Change(s) until the estimate of the cost of the Non-Customer Initiated Scope Change(s) made by Hydro One reaches 10% of the total Estimated

Allocated Cost of Connection. At that point, no further Non-Customer Initiated Scope Change(s) may be made by Hydro One without the written consent of the Customer accepting new pricing and schedule impact. If the Customer does not accept the new pricing and schedule impact, Hydro One will not be responsible for any delay in the In-service Date as a consequence thereof.

Note:

Portions of the work described in Part A and Part B above may not be performed by Hydro One or the Host Distributor, as the case may be, until after the Generation Facility has been connected to Hydro One's distribution system, including, but not limited to all or portions of the Upstream Transmission Work, de-mobilization work, changes to Hydro One's or the LDC's documentation for their respective facilities, Field Mark prints (FMP) etc.

Schedule "B": Generator Connection Work

Part 1: General Project Requirements:

The Generator shall:

- (a) enter into a Connection Agreement with Hydro One at least 30 days prior to the first Connection to Hydro One's distribution system;
- (b) ensure that project data is made available or provided to Hydro One as required by Hydro One;
- (c) ensure that the work performed by the Generator and others required for successful installation, testing and commissioning of protective and metering equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;
- (d) obtain a certificate of inspection or other applicable approval to be issued or given by the Electrical Safety Authority in relation to the Generator's Facilities;
- (e) provide a dedicated dial-up business telephone circuit for the metering equipment in accordance with Hydro One requirements;
- (f) provide telephone communication between Hydro One's operator and the Generator's Operator;
- (g) make any changes to the Generator's Facilities required for compliance with the *Electrical Safety Code*;
- (h) complete its engineering design and provide Hydro One with detailed electrical drawings at least six (6) months prior to the In-service Date mutually agreed by the parties or as reasonably required by Hydro One; and
- (i) Provide a COVER that is signed by a Professional Engineer registered in Ontario.
- (j) Provide Distributed Generator End Open signal to support automatic re-closing
- (k) Ensure that Generation Facilities are in compliance with the CIA.

Items (d), (e), and (f) of Part 1 above shall survive the termination of this Agreement.

Part 2: Line tap and Grounding Related Issues

The Generator shall furnish and install a disconnection switch at the PCC for the Generation

Facility that opens, with a visual break, all ungrounded poles of the connection circuit. The disconnection switch at the PCC shall be rated for the voltage and fault current requirements of the Facility, and shall meet all applicable CSA standards, ESA requirements, and all other Applicable Laws. The switch enclosure, if applicable, shall be properly grounded. The disconnection switch at the PCC shall be accessible at all times, located for ease of access to Hydro One's personnel, and shall be capable of being locked in the open position.

Part 3: Teleprotection at the Generator's Facilities

The Generator will:

- Provide LSBS to mitigate inadvertent trips.
- Accept Transfer Trip Signals from Hydro One's M4 feeder breaker.
- Provided DGEO Signal to the Hydro One's M4 feeder breaker.
- Provide full monitoring of the Generation Facilities

Part 3 shall survive the termination of this Agreement.

Part 4: Telecommunications

Prior to the Connection of the Generator's Facilities, the Generator will:

- Provide communications cable entrance facility and cable protection at the Generator's Facilities for telephone circuit for metering and any transfer trip or breaker status if required.
- Be responsible for all monthly leasing costs, and, if required in the future, be responsible for the yearly leasing charge (per pair) for Hydro One's neutralizing transformer capacity. This requirement will be a term in the Connection Agreement.
- Provide circuit routing.

Part 4 shall survive the termination of this Agreement.

Part 5: Work Eligible for Alternative Bid

Not Applicable

Part 6: Revenue Metering

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, the Generator will be responsible for all costs for Hydro One to supply and install a four quadrant interval metering facility in accordance with, but not limited to, the requirements of Distribution System Code, Measurement Canada, Retail Settlement Code and Hydro One. The Generator may make other

arrangements for the metering facility installation that are acceptable to Hydro One and must submit the drawings and specifications for Hydro One's review to determine if the metering location, design and any applicable loss calculations are acceptable to Hydro One. Hydro One will own and maintain the interval metering facility and dedicated dial-up business telephone circuit, if such circuit is required.

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, the Generator will provide to Hydro One the necessary information so that Hydro One may arrange for registration of the meter point with IESO, if applicable, and arrange for totalization table and settlement systems updates.

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, if the Generator is a primary metered generator, the Generator shall procure new high accuracy current transformers that meet ANSI 0.15s (the "CTs"). The Generator shall also ensure that the

CTs have manufacturer warranties for a period of at least two (2) years with such warranties being transferable to Hydro One. The Generator shall be deemed to have transferred the CTs to Hydro One for \$1.00 immediately prior to the Generator signing the Connection Agreement.

Part 7: Where Generator's Facilities do not meet the power distance test (CIA results) AND Generator to install dynamic compensation equipment

Intentionally Deleted.

Part 8: Documentation

Prior to Connection of the Generator's Facilities to Hydro One's distribution system, the Generator shall have provided Hydro One with the Connection interface documents specified below for review by Hydro One in the implementation Connection phase.

Connection of a Generation Facility to Hydro One's Distribution System
LIST OF REQUIRED DOCUMENTS
DG Proponent Deliverables: Documents and Timelines

Version: Rev 3

	Doc.	Remarks	Timelines	Due Date (Project Specific, based on ISD)
1. Initial Documents	1. Single Line Diagram 2. Protection Description Doc. & Power Factor Control 3. SCADA Communication / Telemetry Points 4. Power Factor Control of Generator	1. The SLD must be acceptable as per the TIR containing all devices clearly identified with the type and brief specifications; including but not limited to: a) Clear mention / identification of the PCC b) Circuit Breakers c) Transformers d) Disconnecting Switch e) PTs f) Fuses g) Protections h) Teleprotection i) How and where Transfer Trip and DGEO are integrated in and means of communication. j) Status devices k) Device Nomenclature assigned L) Others 2. The Protection Description Doc. must also be acceptable as per the TIR: including but not limited to: a) Introduction i) System Description b) Protection Description i) Communication ii) Transfer Trip Protection and means i.e. FreeWave Radio, NSD570 / Bell S4T4 iii) Feeder Protection iv) Embedded Generator End Open v) Generation Rejection (G/R) vi) Circuit Switcher Failure vii) Switching Station & Cables Protection viii) Pad Mount Transformer Protection ix) Interlocks x) Circuit switcher Auto-Recloser xi) Ground fault suppression at PCC xii) Generators	Required 6 months before ISD in DRAFT, 4 months before ISD: FINAL approved version.	

		<p>xiii) Generator Protection ix) Synchronizing of Generator: <ul style="list-style-type: none"> •Description of Synchronizing Scheme (Synchronous & Inverter Units) & Connection Scheme for Induction Units </p> <p>c) General Operating Philosophy</p> <p>d) Tripping Matrix / Relay Logic Diagrams</p> <p>3. SCADA Communication link /Telemetry Pts.: The SLD Doc. must also contain: a) SCADA / Telemetry Points, I/O List b) Device and Mode of communication / means of access i.e. RTU for SCADA points / Telemetry Path (either Cellular / wireless or Bell S4T4, Fibre)</p> <p>4. Power Factor Control of Generator i) Protection AC and DC EWD ii) Protection Three Line Diagrams iii) Interface Protection Relay / Fuse Co-ordination Study, Curves & Settings iv) Interface Electrical Equipment Technical Information / Data Sheets / Manufacturer's Nameplate Information v) Breaker Failure Protection AC and DC EWD vi) Detailed Power Factor Control Plan</p>		
2. Interface Protection Settings	Proposed Interface Protection Settings	Draft Settings	2 Months before ISD	
		Final Settings	2 Weeks before ISD	
3. Metering	Metering	<p>Following must be provided by the Generator if they make other arrangements acceptable to Hydro One to supply and install the metering facility.</p> <p>Revenue Metering Single Line</p> <ol style="list-style-type: none"> 1) Meter Form, MV 90 2) Site Specific Loss Adjustment 	Required 3 months before ISD	

		(SSLA):(Line and Transformer, as per Market Manual 3-3.5, stamped by an Electrical Engineer Registered in Ontario, Note: Revenue metering single line diagram to use the format and provide the information as per IESO Market Manual 3: Metering, Part 3.6 conceptual Drawing Review. Show ownership boundaries, transformers, CTs, VTs, isolating device / disconnect, breakers, operating designations, etc.		
4. GPR Study	Ground Potential Rise (GPR) Study		Hydro One may require GPR study results	
5. SCADA Comm.	SCADA Communication link / Telemetry Points:	Order Modem & provide ESN No.	3 Months before ISD	
		Activate Modem & Communication link testing	6 Weeks before ISD	
		Verification of End to End Testing / SCADA points testing	2 weeks before ISD	
6. COVER Doc.	Commissioning & Verification Procedure, Plan & Schedule Discussion / Meeting	Formal Discussion / Meeting with Hydro One regarding Commissioning Plan, Procedures and Schedule	3 months before ISD	
	COVER Stage 1 – DRAFT/PLAN COVER		Required 2 months before ISD (Back Feed or Generation)	
	COVER Stage 2 – FINAL COVER (Pre-Energization)		2 weeks before ISD	
	COVER Stage 3 – FINAL COVER (Post-Energization)		Required within 5 business days after ISD	
7.	DCA		Draft DCA: 3 months before ISD (Either Back Feed or Generation)	
			Final Signed: 1 month before ISD	
8.	Generator License		Confirmation of Generator License required 2 weeks before ISD	
9.	ESA Certification		2 Weeks before ISD (Either Back Feed or Generation)	

Note:

1. Any delay in submission of each doc. as above will cause delay in the negotiated ISD depending upon the doc., significance and prevailing situations and circumstances

2. Each additional review / resubmission of above documents will lead to additional costs to the project / proponent
3. The requirement of documents and timelines as above are subject to change as per policies, codes and practices time to time but due notice will be given to the proponents
4. The above list includes drawings that would generally be required for Generation Facility projects.
5. Additional drawings / information may be required for certain projects. In such cases, Hydro One will duly inform the Generation Facility.
6. For small generation facility projects, some drawings / information may not be required. For example, those relating to tele-protection, breaker failure, etc.
7. Hydro One's review of Generation Facility drawing / data / protection settings & witnessing of commissioning tests etc. shall be limited only to those portions of the Generation Facility that interests Hydro One and which interfaces with its distribution system.
8. The Generator shall be responsible to coordinate the design, installation, testing, operation and maintenance of its facilities in conformance with applicable codes, standards, Hydro One and IESO connection requirements, service performance requirements and all relevant laws and regulations. The Generator shall obtain, at its expense, any and all authorizations, permits and licenses required for the construction and operation of its Generation Facilities.

Schedule "C": Estimated Allocated Cost of Connection and Miscellaneous

PART 1:

1.1 Total Estimated Allocated Cost of Connection

The total estimated allocated cost of connection (excluding applicable Taxes) is summarized as follows:

Connection Assets:	\$54,000.00
Expansion:	\$0
Renewable Enabling Improvements:	\$14,000.00
Upstream Costs: ¹	\$85,000.00
Upstream Transmission Rebates:	\$0

Total Estimated Allocated Cost of Connection	\$153,000.00
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The total estimated allocated cost of connection (excluding applicable Taxes) is based on the Class "C" Estimate. Notwithstanding the provision of such Class "C" Estimate to the Generator, the final allocation to the Generator of the cost of connection will be based on the Actual Cost of the Hydro One Connection Work.

1.2 Contingencies:

The above-estimate does not include contingencies that may be necessary in order to Connect the Generation Facility to Hydro One's distribution system. These contingencies include, but are not limited to:

- i. Generator initiated scope changes;
- ii. Changes to the scope of any Required Connection Work;
- iii. planned outage delays/cancellations; subsequent line/equipment commissioning; and
- iv. removal and treatment of contaminated soil during excavation.

1.3 Deposits due on execution of Agreement by Generator:

Connection Cost Deposit:	\$139,000.00
Expansion Deposit:	\$0
Capacity Allocation Deposit:	\$0 where the Generator has an executed OPA contract which includes a requirement for security deposits or similar payments

PART 2: MISCELLANEOUS

2.1 Description of Generation Facility

Consists of 1 x 2100 kW Hydraulic Turbine and is located in Greater Sudbury Whitefish Twp/Sudbury District.

2.2 Point of Common Coupling/PCC/Point of Supply:

The Generation Facility will be connected to the 44 kV M4 Hydro One distribution feeder of Larchwood Transmission Station.

2.3 In-service Date

To be mutually agreed by no later than 45 days after the latest of the date that:

- (a) Hydro One has accepted and executed the agreement which occurs after the Generator has delivered and executed this Agreement to Hydro One; and
- (b) the Generator paid Hydro One the Deposits specified above in Section 1.3 of this Schedule "C".

¹ Includes the cost of any Upstream Transmission Work and/or Upstream Host Distributor Work.

In any event, the In-service Date shall not be later than:

- (i) five (5) years from the Application date specified in section 2.4 below for water power projects; or
- (ii) three (3) years from the Application date specified in section 2.4 below for other types of projects.

2.4 Application Date

July 6, 2010

2.5 Hydro One's Assets:

A. Hydro One will own all equipment and facilities installed by Hydro One as part of the Hydro One Connection Work in, under, on, over, along, upon, through and crossing Hydro One's Property(ies).

B. Hydro One will own the following equipment installed by the Generator in, under, on, over, along, upon, through and crossing Hydro One's Property(ies):

- 1) Nil

C. Hydro One will own the following equipment installed by Hydro One as part of the Hydro One Connection Work in, under, on, over, along, upon, through and crossing the Generator's Property:

- 1) Nil

D. Hydro One will own the following equipment installed by the Generator in, under, on, over, along, upon, through and crossing the Generator's Property(ies):

- 1) High accuracy current transformers that meet ANSI 0.15s.

E. Where applicable, Hydro One will own any Expansion including, any Work Eligible for Alternative Bid with the exception of any Expansion made by a Host Hydro One as part of any required Host Hydro One Work.

2.6 Documentation Required:

Documentation describing the as-built electrical information shall include a resubmission of the information listed in Part 6 of Schedule "B" marked "as built" and signed by a Professional Engineer registered in Ontario.

Schedule "D": Offer to Connect

Nil.

Schedule "E": Allocated Cost of Connection Statement

As set out in Section 16 of the Standard Terms and Conditions, Hydro One will also provide the Generator with the Allocated Cost of Connection Statement in the form below:

Project Investment No.	
Ready for service date	
Project Title	
Project Description	
Labour (including Design, Engineering, Construction and Commissioning)	
Material	
Equipment	
Overhead (including Administration and Project Management)	
Total Cost K\$	\$

Note 1: Estimated costs during project execution issued to the Generator in accordance with Schedules "A" and "C" for Hydro One Connection work associated with the Connection of the Generation Facility.

Connection Cost Agreement Standard Terms and Conditions

V2011-1

Definitions

1. Throughout the Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Act" means the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Schedule "B", as amended.

"Actual Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads and interest thereon.

"Commercial Operation" has the meaning given to it in Section 2.6 (a) of the form of Feed-In-Tariff Contract posted on the Ontario Power Authority's website on September 30, 2009.

"Commercial Operation Date" means the date on which Commercial Operation is first attained.

"Allocated Cost of Connection" means the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One has allocated to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, a Capital Contribution as determined by performing an Economic Evaluation using the Actual Cost of the Expansion and any costs payable pursuant to Subsection 15(c);
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (f) the amounts of any rebates made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap irrespective of whether such amounts were originally included in the Estimated Allocated Cost of Connection or in the Class "C" Estimate; and
- (g) the amounts of any Upstream Transmission Rebates.

"Additional Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Additional Work" means any work beyond the work described in Schedule "A" as a result of any changes in scope caused by or requested by the Generator and any work that is increased beyond the work estimated in Schedule "A" due to any delays or other actions caused by or requested by the Generator.

"Applicable Laws", means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or

government department, commission, board, court authority or agency.

"Application" means the Generator's application for Connection of the Generation Facility to Hydro One's distribution system.

"Application Date" means the date that the Generator submitted its Application to Hydro One and is as specified in Section 2.4 of Schedule "C".

"Bank" means a bank listed in Schedule I or II of the *Bank Act* (Canada).

"Business Day" means a day other than Saturday, Sunday, statutory holiday in Ontario or any other day on which the principal chartered banks located in the City of Toronto, are not open for business during normal banking hours.

"Cancellation/Termination Costs" means the Actual Cost of the Hydro One Connection Work (plus applicable Taxes) and any Upstream Host Distributor Work accrued on and prior to the date that the Connection is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Hydro One Connection Work and any Upstream Host Distributor Work, including, storage costs, facility removal expenses and any environmental remediation costs.

"Capacity Allocation Exempt Small Embedded Generation Facility" has the meaning given to it in the Code.

"Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Capital Contribution" is the amount that Hydro One may charge the Generator in respect of an Expansion to connect the Generation Facility which shall not exceed the Generator's share of the present value of the projected capital costs (including, where applicable, any Transfer Price paid by Hydro One for the Work Eligible for Alternative Bid) and on-going maintenance costs of the Expansion facilities.

"Class C Estimate" means the rough estimate provided to the Generator by Hydro One of the cost of the work described in the high-level results from the Impact Assessment to be performed by Hydro One in order to Connect the Generation Facility which generally has a degree of accuracy of plus or minus fifty percent.

"Code" means the Distribution System Code issued by the OEB on July 14, 2000 as amended or revised from time to time.

"Connection" and "Connect" have the meaning given to the term "Connection" in the Code.

"Connection Agreement" has the meaning given to it in the Code.

"Connection Assets" has the meaning given to it in the Code.

"Connection Cost Deposit" means 100% of the total Estimated Allocated Cost of Connection as specified in Part I of Schedule "C".

"Connection Materials" means the materials ordered by Hydro One for the purpose of the Connection.

"COVER" stands for Hydro One's "Confirmation of Verification Evidence Report".

"Customer Impact Assessment" means a customer impact assessment performed by Hydro One's transmission business unit in accordance with the requirements of the Transmission System Code.

"Deposits" means collectively, the Capacity Allocation Deposit, the Additional Capacity Allocation Deposit, the Expansion Deposit and the Connection Cost Deposit.

"Distribute" has the meaning given to it in the Code.

"Economic Evaluation" means the analytical tool designed and used by Hydro One using the methodology and inputs described in Appendix "B" of the Code.

"Electricity Act, 1998" means the *Electricity Act, 1998*, S.O. 1998, c.15, Schedule "A", as amended

"Embedded Retail Generator" has the meaning given to it in the Code.

"Emergency" has the meaning given to it in the Code.

"Enabler Facility" has the meaning given to it in the Transmission System Code.

"Enhancement" has the meaning given to it in the Code.

"ESA" means the Electrical Safety Authority.

"Estimated Allocated Cost of Connection" means Hydro One's estimate of the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One will have to allocate to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, the Capital Contribution as determined by performing an Economic Evaluation using a Class "C" estimate of the Actual Cost of the Expansion and the costs payable pursuant to Subsection 15(c) below;
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (e) the amounts of any rebates that will have to be made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap; and
- (f) the amounts of any Upstream Transmission Rebates.

"Expansion" has the meaning given to it in the Code.

"Expansion Deposit" means a deposit requested by Hydro One to be paid by the Generator that covers both the forecast risk (the risk associated with whether any projected revenue for the Expansion will materialize as forecasted) and the asset risk (the risk associated with ensuring that the Work Eligible for Alternative Bid when it is performed by the Generator, is constructed, that it is completed to the proper design and technical standards and specifications, and that the Work Eligible for Alternative Bid operates properly when energized) which shall not exceed:

- (a) 100% of the present value of any forecasted revenues where the Generator has to pay a Capital Contribution; and
- (b) 100% of the present value of the projected capital costs and on-going maintenance costs of the work that is not eligible for alternative bid and the Work Eligible for Alternative Bid facilities where the Generator does not have to pay a Capital Contribution.

"Force Majeure Event" means any cause, existing or future, which is beyond the reasonable control of, and not a result of the fault or negligence of, the affected party and includes, strikes, lockouts and any other labour disturbances and manufacturer's delays for equipment or materials required for any Required Connection Work.

"Generation Facility" means the generation facility described in Schedule "C".

"Generator Connection Work" means the work to be performed by the Generator, at its sole expense, which is described in Schedule "B" attached to the Agreement as well as the work described in Part III of the Agreement, if any.

"Generator Default" means any of the following:

- (a) failure by the Generator to pay any amount due under the Agreement within the time stipulated for payment;
- (b) breach by the Generator of any term, condition or covenant of the Agreement;
- (c) the making of an order or resolution for the winding up of the Generator or of its operations or the occurrence of any other dissolution or liquidation proceeding instituted by or against the Generator.

"Generator's Facilities" means the Generation Facility and associated Connection devices, protection systems and control systems owned or operated by the Generator.

"Generator's Property(ies)" means any lands owned by the Generator in fee simple or where the Generator now or hereafter has obtained easement rights.

"Good Utility Practice" has the meaning given to it in the Code.

"Host Distributor" has the meaning given to it in the Code.

"Upstream Host Distributor Work" means any work required to be performed by a Host Distributor on its distribution system in order for Hydro One to Connect the Generation

Facility to Hydro One's distribution system, including the work described in Part C of Schedule "A", attached to the Agreement.

"Hydro One Connection Work" means all of the work to be performed by Hydro One that is required to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part A of Schedule "A", attached to the Agreement.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator.

"Impact Assessment" means the impact assessment performed by Hydro One for the Project in accordance with Section 6.2.12 or Section 6.2.13 of the Code, as the case may be, prior to the execution of the Agreement and includes any revisions which may be made to that Impact Assessment from time to time thereafter.

"In-service Date" means the date that Hydro One accepts the normal operation of the Generator's Facilities.

"Interest" means interest accrued monthly commencing on the receipt of any cash Deposit at the Prime Business Rate set by the Bank of Canada less 2 percent.

"Large Embedded Generation Facility" has the meaning given to it in the Code.

"Lender" means a bank or other entity whose principal business is that of a financial institution and that is financing or refinancing the Generation Facility.

"Letter of Credit Minimum Requirements" means a letter of credit that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) issued by a Bank;
- (c) allows for presentment in Toronto, Ontario or presentment using a valid fax number where the Bank does not have a branch in Toronto, Ontario;
- (d) have an expiry date that is acceptable to Hydro One;
- (e) provide that any notice that the Bank does not wish to extend the letter of credit for any additional period of expiry must be provided, in writing, to Hydro One Networks Inc., 185 Clegg Road, Markham ON L6G 1B7, Attn: Denise Hunt (R32E2), at least sixty (60) days prior to any expiration date;
- (f) permits partial drawings and multiple presentations;
- (g) provides that drawings will be paid on written demand without the issuing Bank enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the Generator;
- (h) only requirement to be met in order to draw on the letter of credit is that Hydro One present the letter of credit and a certificate stating that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*, 20__, as it may be

amended by the Generator and Hydro One from time to time;

- (i) provides that banking charges and commissions associated with the letter of credit are payable by the Generator;
- (j) subject to the International Standby Practices "ISP 98" ICC Publication no. 590 ("ISP 98");
- (k) provide that notwithstanding ISP 98, in the event that the original of the letter of credit is lost, stolen, mutilated or destroyed, the Bank will agree to replace same upon written notice from Hydro One setting out the circumstances;
- (l) provides that matters not expressly covered by ISP 98, will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (m) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"Market Rules" means the rules made by the IESO under Section 32 of the *Electricity Act*, 1998.

"Meter Service Provider" means a person that provides, installs, commissions, registers, maintains, repairs, replaces, inspects and tests metering installations.

"Material Revision Impact Assessment" means a revision to the Impact Assessment performed by Hydro One as a result of the Generator making material revisions to the design, planned equipment or plans for the Generation Facility after the execution of the Agreement.

"Mid-Sized Embedded Generation Facility" has the meaning given to it in the Code.

"Non-Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the scope of the Hydro One Connection Work as a result of any one or more of the following:

- (a) any changes or revisions to the Impact Assessment made after the execution of the Agreement;
- (b) any changes or revisions to the Customer Impact Assessment;
- (c) any changes or revisions to the System Impact Assessment;
- (d) environmental assessment(s);
- (e) the requirements set out in an approval received under Section 92 of the *Ontario Energy Board Act*;
- (f) any requirements identified by the IESO in respect of any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system;
- (g) any changes to any Required Enhancement(s);
- (h) any change to any requirements identified by the Host Distributor in respect of the Upstream Host Distributor Work; and
- (i) changes made to the TIR.

"Ownership Demarcation Point" has the meaning given to it in the Code.

"Point of Common Coupling" or "PCC" or "Point of Supply" means the point where the Generator's Facilities are to Connect to Hydro One's distribution system and is as specified in Schedule "C" of the Agreement.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the In Service Date, including, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Required Enhancement" means collectively, any Enhancement, Renewable Enabling Improvement or any Enabler Facility that needs to be completed and in service in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system irrespective of whether the cost of any of this work is part of the Allocated Cost of Connection.

"Required Connection Work" means collectively, the Hydro One Connection Work, any Required Enhancement and any Upstream Host Distributor Work.

"Renewable Enabling Improvement" has the meaning given to it in the Code and is limited to those items listed in Section 3.3.2 of the Code.

"Renewable Energy Expansion Cost Cap" has the meaning given to it in the Code.

"Renewable Energy Generation Facility" has the meaning given to it in the Act.

"Renewable Energy Source" has the meaning given to it in the Act.

"Small Embedded Generation Facility" has the meaning given to it in the Code.

"Surety Bond Requirements" means a surety bond that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) surety must be Canadian;
- (c) surety must be financially acceptable to Hydro One must have at, a minimum, a long-term credit rating of "A" from a bond-rating agency acceptable to Hydro One;
- (d) has an expiry date that is acceptable to Hydro One;
- (e) provides that fees, charges and commissions associated with the surety bond, including drawings therefrom, are payable by the Generator;
- (f) permit partial drawings and multiple presentations;
- (g) provide that drawings will be paid without the surety enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the said Generator;
- (h) only requirement to be met in order to draw on the surety bond is that Hydro One present a certificate certifying that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*,

20__, as it may be amended by the Generator and Hydro One from time to time;

- (i) will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (j) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"System Impact Assessment" or "SIA" means the system impact assessment performed by the IESO in respect of connections that the IESO's connection assessment and approvals process requires a system impact assessment which includes without limitation, the connection of a Large Embedded Generation Facility.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"TIR" means Hydro One's Distributed Generation Technical Interconnection Requirements: Interconnections at Voltages 50kV and Below", as amended from time to time, which is available on Hydro One's website.

"Transfer Price" means the lower of the cost to the Generator to construct the Work Eligible for Alternative Bid or the amount set out in the Initial Offer to Connect attached to the Agreement as Schedule "D" for Hydro One to perform the Work Eligible for Alternative Bid.

"Transmission System Code" means the code of standards and requirements issued by the OEB on July 25, 2005, as it may be amended, revised or replaced in whole or in part from time to time.

"Upstream Costs" means the Actual Cost of any Upstream Transmission Work allocated in accordance with the requirements of the *Transmission System Code* and the Actual Cost of any Upstream Host Distributor Work allocated in accordance with the requirements of the *Distribution System Code*.

"Upstream Transmission Rebates" means refunds payable to any initial contributors in respect of work previously or currently being performed on Hydro One's transmission system at the expense of initial contributor(s) where such work benefits future customers that connect to Hydro One's distribution system within five years of the in service date of that work., which may include the Generator. The amount of any Upstream Transmission Rebates payable are determined by Hydro One considering such factors as the relative name-plated capacities of the initial contributor(s) and the future connecting customer(s).

"Upstream Transmission Work" means any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part B of Schedule "A", attached to the Agreement.

"Work Eligible for Alternative Bid" means the Expansion work identified in the Initial Offer to Connect attached to the

Agreement as Schedule "D" as work for which the Generator may obtain an alternative bid.

Incorporation of Code and Application of Conditions of Service

2.1 The Code, as it may be amended from time to time, is hereby incorporated in its entirety by reference into, and forms part of, the Agreement. Unless the context otherwise requires, all references to "the Agreement" include a reference to the Code.

2.2 Hydro One hereby agrees to be bound by and at all times to comply with the Code, and the Generator acknowledges and agrees that Hydro One is bound at all times to comply with the Code in addition to complying with the provisions of the Agreement.

2.3 In addition to the Agreement, the relationship between Hydro One and the Generator will be governed by Hydro One's Conditions of Service that are in effect at the relevant time. In the event of a conflict or an inconsistency between a provision of the Agreement and a provision of Hydro One's Conditions of Service, the provision of the Agreement shall govern.

2.4 In the event of a conflict or an inconsistency between a provision of the Code or the Agreement, the provision of the Code shall govern. The fact that a condition, right, obligation or other term appears in the Agreement but not in the Code shall not be interpreted as, or deemed grounds for finding of a conflict or inconsistency.

Hydro One Connection Work

3. Hydro One shall perform the Hydro One Connection Work in a manner consistent with Good Utility Practice, in accordance with the Conditions of Service and the Code, and in compliance with all Applicable Laws.

4. Except as provided herein Hydro One makes no warranties, express or implied, and Hydro One disclaims any warranty implied by law, including implied warranties of merchantability or fitness for a particular purpose and implied warranties of custom or usage with respect to the Hydro One Connection Work, the Upstream Host Distributor Work and any Required Connection Work.

5. The Hydro One Connection Work, any Required Connection Work and Hydro One's rights and requirements in the Agreement are solely for the purpose of Hydro One ensuring that:

- (a) the safety, reliability and efficiency of the distribution system and the transmission system are not materially adversely affected by the Connection of the Generation Facility to the distribution system; and
- (b) Hydro One's distribution system and transmission system are adequately protected from potential damage or increased operating costs resulting from the Connection of the Generation Facility.

6. Hydro One shall use commercially reasonable efforts to complete the Hydro One Connection Work by the In-service Date as established in accordance with Section 2.3 of Schedule "C" provided that:

- (a) the Generator has completed the Generator Connection Work in accordance with the terms and conditions of the Agreement;
- (b) the Generator is in compliance with its obligations under the Agreement;
- (c) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One;
- (d) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws in order to perform all or any part of the Required Connection Work:
 - (i) environmental approvals, permits or certificates;
 - (ii) land use permits from the Crown; and
 - (iii) building permits and site plan approvals;
- (e) Hydro One does not have to use its employees, agents and contractors performing any of the Required Connection Work elsewhere on its transmission system or distribution system due to an Emergency or a Force Majeure Event;
- (f) where applicable, the Host Distributor is able to complete the Upstream Host Distributor Work by the date agreed by Hydro One and the Host Distributor in the agreement made between Hydro One and the Host Distributor with respect to such work;
- (g) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work or any Required Enhancement;
- (h) Hydro One is able, using commercially reasonable efforts, to obtain all necessary land rights on commercially reasonable terms prior to the dates upon which Hydro One needs to commence construction of all or any portion of the Required Connection Work;
- (i) where applicable, Hydro One has accepted the metering installation, metering location and transformer loss calculation submitted by the Generator's Meter Service Provider;
- (j) Hydro One is able to obtain the materials required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
- (k) the scope of the Hydro One Connection Work, any Required Enhancement or any Upstream Host Distributor Work does not change substantially for any reason after the execution of the Agreement, including, as a result of the requirements of or matters raised in any System Impact Assessment (including

any revisions), Customer Impact Assessment (including any revisions thereto) the Impact Assessment (including any revisions such as a Material Revision Impact Assessment);

- (l) the Generator has delivered to Hydro One, any applicable written authorization(s) of the Electrical Safety Authority required for Hydro One to make the temporary and any subsequent Connections; and
- (m) there are no delays resulting from the non-completion of any work that needs to be performed on Hydro One's distribution system or transmission system (including, but not limited to, work being performed for a third party connecting a generation facility to Hydro One's distribution system or transmission system) for any reason whatsoever where such work needs to be completed in order for Hydro One to connect the Generation Facility.

The Generator acknowledges and agrees that the In-service Date may be materially affected by difficulties faced by Hydro One in obtaining or the inability of Hydro One to obtain all necessary land rights and/or environmental approvals, permits or certificates and where applicable, any approvals required for under Section 92 of the Act for any part of the Required Connection Work.

7. Once the Generator informs Hydro One that it has received all necessary approvals, provides Hydro One with a copy of the authorization to Connect from the ESA and enters into a Connection Agreement, Hydro One shall act promptly to Connect the Generation Facility to Hydro One's distribution system. Subject to delays in commissioning and testing of the Generation Facility which are beyond the control of Hydro One, Hydro One shall Connect a Small Embedded Generation Facility within the timelines prescribed in Subsection 6.2.21 of the Code.

8. The Generator acknowledges and agrees that where there is a Material Revision to An Impact Assessment and that Material Revision to An Impact Assessment:

- (a) differs in a material respect from the then-current Impact Assessment, that Part V of the Agreement applies; and
- (b) even though it does not differ in a material respect from the then-current Impact Assessment, may result in the scope of the Hydro One Connection Work required to be performed on Hydro One's distribution system and/or any work to be performed on Hydro One's transmission system in order for the Generation Facility to Connect to Hydro One's distribution system to change substantially which could affect the In-service Date and/or the Actual Cost of the Hydro One Connection Work actually required to be performed by Hydro One in order for the Generation Facility to Connect to Hydro One's distribution system.

9. Upon completion of the Hydro One Connection Work, Hydro One shall own, operate and maintain all equipment referred to in Part 2.5 of Schedule "C". Where applicable, the Host Distributor will own, operate and

maintain all equipment installed or upgraded as part of the Upstream Host Distributor Work.

Generator's Obligations – Connection

10. Except as specifically provided herein, the Generator is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws for the construction, Connection and operation of the Generator's Facilities including, the approval(s) of the Electrical Safety Authority. The Generator shall provide copies of such permits, certificates, reviews and approvals to Hydro One upon Hydro One's request.

11. The Generator shall ensure that the Generator's Facilities:

- (a) meet all applicable requirements of the ESA;
- (b) conform to all applicable industry standards including, those of the Canadian Standards Association ("CSA"), the Institute of Electrical and Electronic Engineers, the American National Standards Institute and the International Electrotechnical Commission;
- (c) are installed and constructed in accordance with the Agreement (including the requirements set out in Schedule "B" of the Agreement), Hydro One's Offer to Connect, the requirements of the ESA, all applicable reliability standards and Good Utility Practice;
- (d) other than as specifically permitted in Part III of the Agreement, comply with the requirements described in the TIR, including any additions, modifications or changes to the TIR that are made before the In-service Date; and
- (e) meet the technical requirements specified in Appendix F.2 of the Code.

12. The Generator acknowledges and agrees that:

- (a) it shall install its own meter in accordance with Hydro One's metering requirements preferably at the Point of Supply with adequate time to allow commissioning for the metering prior to energization of the Generation Facility and provide Hydro One with the technical details of the metering installation;
- (b) Hydro One has the right to witness the commissioning and testing of the Connection of the Generation Facility to Hydro One's distribution system;
- (c) the Generator shall retain the services of a professional engineer(s) appropriately licensed in Ontario to design and commission the electrical and protection facilities that may impact Hydro One's distribution system, Hydro One's transmission system and where applicable, the distribution system of a Host Distributor; and
- (d) the Generator's submissions to Hydro One shall be signed and stamped by a professional engineer appropriately licensed in the province of Ontario.

13. The Generator shall provide Hydro One with copies of the "as built" documentation specified in Schedule "B", acceptable to Hydro One, by no later than 30 days after the execution of the Connection Agreement and the Generator shall ensure that Hydro One may retain this information for Hydro One's ongoing planning, system design, and operating review; and, it shall maintain and revise the documentation to reflect changes to the Generator's Facilities and provide copies to Hydro One on demand or as specified in the Connection Agreement.

Access

14.1 The Generator shall permit and, if the land on which the Generation Facility is located is not owned by Generator, cause such landowner to permit, Hydro One's employees and agents to enter the property on which the Generation Facility is located at any reasonable time. Such access shall be provided for the purposes of inspecting and/or testing the Generation Facility as and when permitted by the Agreement, the Code or Hydro One's Conditions of Service or as required to establish work protection, or to perform any of the Hydro One Connection work.

14.2 Notwithstanding subsection 21(a) below, where Hydro One causes damage to the Generator's property as part of this access, Hydro One shall pay to the Generator the Generator's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

14.3 Notwithstanding subsection 21(a) below, if the Generator has been given access to Hydro One's Property(ies), and if the Generator causes damage to Hydro One's Property(ies) as part of that access, the Generator shall pay Hydro One's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

Expansion - Alternative Bid Work Terms and Conditions:

15. Where the Generator has chosen to pursue an alternative bid in respect of an Expansion and uses the services of a qualified contractor for the Work Eligible for Alternative Bid:

(a) the Generator shall:

- (i) complete all of the Work Eligible for Alternative Bid;
- (ii) select and hire the construction;
- (iii) assume full responsibility for the construction of the Work Eligible for Alternative Bid;
- (iv) be responsible for administering the contract including, the acquisition of all required permissions, permits and easements;
- (v) ensure that the Work Eligible for Alternative Bid is performed in accordance with Hydro One's design and technical standards and specifications;

(b) Hydro One shall have inspected and have approved all aspects of the constructed facilities as part of a system

commissioning activity prior to the Connection of the Work Eligible for Alternative Bid to Hydro One's existing distribution system;

(c) the Generator shall be responsible for paying the Actual Cost of the following work to be performed by Hydro One:

- (i) the design of the Work Eligible for Alternative Bid;
- (ii) the engineering or installation of facilities required to complete the project;
- (iii) administration of the contract between the Generator and the contractor hired by the Generator if asked to do so by the Generator and Hydro One agrees, in writing, to do so; and
- (iv) inspection or approval of the work performed by the contractor hired by the Generator;

(d) by no later than fifteen (15) days prior to the date that the assets are to be transferred to Hydro One, the Generator shall provide Hydro One with a breakdown of the cost of the Work Eligible for Alternative Bid in a form acceptable to Hydro One, together with copies of all documents related to the Work Eligible for Alternative Bid including all invoices, purchase orders and fixed price contracts related to the design and construction of the Work Eligible for Alternative Bid and the procurement of equipment.

(e) the Generator shall represent and warrant to Hydro One on the date that the Work Eligible for Alternative Bid is transferred to Hydro One that:

- (i) the Work Eligible for Alternative Bid is free and clear of all mortgages, liens, demands, charges, pledges, adverse claims, rights, title, retention agreements, security interests, or other encumbrances of any nature and kind whatsoever;
- (ii) the Work Eligible for Alternative Bid is free and clear of any work orders, non-compliance orders, deficiency notices or other such notices relative to the Work Eligible for Alternative Bid Assets or any part thereof which have been issued by any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies;
- (iii) there are no matters under discussion with any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies relating to work orders, non-compliance orders, deficiency notices or other such notices pertaining to all or any part of the Work Eligible for Alternative Bid;
- (iv) the Generator is the sole owner of the Work Eligible for Alternative Bid;
- (v) that the Work Eligible for Alternative Bid has been performed in accordance with Hydro One's design and technical standards and specifications; and
- (vi) all deficiencies identified by Hydro One have been remedied;

(f) the Generator agrees that the representations and warranties in (e) above shall survive the transfer, and the execution and delivery of any easements or other land rights, bills of sale, assignments or other

instruments of transfer of title to the Work Eligible for Alternative Bid and the payment of the transfer price; and

- (g) the Generator shall execute all documents necessary to evidence the transfer of the Work Eligible for Alternative Bid to Hydro One, including bills of sale or similar documents and legal, binding and registrable easements from all legal and beneficial owners of lands traversed by the Work Eligible for Alternative Bid and/or land use permits for Crown lands traversed by the Work Eligible for Alternative Bid, satisfactory to and in favour of Hydro One; and
- (h) the Generator understands and agrees that Hydro One will not assume and shall not be liable or responsible for any and all liabilities, debts or obligations and demands, direct or indirect, absolute or contingent, of the Generator, whether or not related to, attributable to or in any way connected with the Work Eligible for Alternative Bid. The Generator shall pay, satisfy, assume, discharge, observe, perform, fulfil, release, and indemnify and save harmless Hydro One and its successors, its directors, officers, employees, representatives and agents from and against such liabilities, debts and obligations and all costs, expenses, debts, demands, proceedings, suits, actions, losses or claims in connection therewith. This obligation shall survive the termination of the Agreement; and
- (i) Hydro One shall pay the Generator the Transfer Price on the transfer date. The Transfer Price shall be considered a cost to Hydro One for the purposes of the final Economic Evaluation to be performed by Hydro One.

Allocated Cost of Connection, Deposits and Cancellation/Termination Costs

16. The Generator shall pay Hydro One the Allocated Cost of Connection. Upon the execution of the Agreement by the Generator, the Generator shall provide Hydro One with:

- (a) the Connection Cost Deposit;
- (b) the Capacity Allocation Deposit if the Generator does not have an executed OPA contract for the Generation Facility; and
- (c) the Expansion Deposit, where applicable,

in the amounts specified in Section 1.3 of Schedule "C" which must be in the form of cash (by way of certified cheque), letter of credit or surety bond. Letters of credit must meet the Letter of Credit Minimum Requirements and surety bonds must meet the Surety Bond Minimum Requirements. Hydro One strongly encourages the Generator to pay the Connection Cost Deposit in cash so as to reduce interest during construction charges.

Where the Connection Cost Deposit is provided in cash, Hydro One shall have the right to use the Connection Cost Deposit as Hydro One incurs costs that are part of the Allocated Cost of Connection. Where the Connection Cost Deposit is provided in any form other than cash, Hydro One

may invoice the Generator from time to time for work performed that is part of the Allocated Cost of Connection and should the Generator fail to pay any invoice, Hydro One shall have the right to draw on the letter of credit or surety deposit, as the case may be. If the Generator pays the invoice(s) in full, Hydro One may lower the amount secured by the letter of credit or surety deposit, as the case may be, by an amount not to exceed the amounts of the invoices so paid so long as the letter of credit or surety deposit permits Hydro One to do so, from time to time on written notice to the Bank with no penalty, banking charges and commissions being payable by Hydro One.

In the event that Hydro One determines from time to time, acting reasonably, that the Connection Cost Deposit specified in Section 1.3 of Schedule "C" is inadequate based on Hydro One's forecast that the Allocated Cost of Connection will exceed the Estimated Allocated Cost of Connection by 20% or more, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit from time to time in an amount equal to the forecasted deficiency. In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit. This will also assist in reducing interest during construction charges.

If the Generation Facility is not connected to Hydro One's distribution system fifteen (15) calendar months following the execution of the Agreement and the Generator does not have an executed OPA contract which includes a requirement for security deposits or similar payments, the Generator shall pay Hydro One an Additional Capacity Allocation Deposit by no later than the first day of the sixteenth (16th) calendar month following the execution of the Agreement.

Should a letter of credit or surety bond be set to expire before the Generator has been invoiced for and/or paid the Allocated Cost of Connection, Hydro One shall have the right to draw upon same not earlier than 30 days prior to the expiry of the letter of credit or surety bond and shall treat the amount drawn as a cash deposit.

Hydro One will return any Expansion Deposit in accordance with the requirements of Section 3.2.23 of the Code (and Section 3.2.26 of the Code where the Expansion Deposit is in the form of cash) subject to Hydro One's rights to retain and use the Expansion Deposit in accordance with Sections 3.2.22 and 3.2.24 of the Code. Subject to Part V of the Agreement, Hydro One will return the Capacity Allocation Deposit and any Additional Capacity Allocation Deposit (with interest if any such deposit(s) are in the form of cash) by no later than 30 calendar days following the In-service Date.

Hydro One shall use reasonable commercial efforts to provide the Generator with a final invoice or credit memorandum within 180 days following the later of: (i) the In-Service Date; and (b) the date that Hydro One fully performs all of the Hydro One Connection Work, including, but not limited to those portions of the Hydro One Connection Work that may be completed following the In-Service Date. The final invoice or credit memorandum shall

indicate whether the Connection Cost Deposit exceeds or is less than Allocated Cost of Connection (plus applicable Taxes). Any difference shall be paid within 30 days after the rendering of the said final invoice or credit memorandum by Hydro One to the Generator. If the Connection Cost Deposit exceeds the Allocated Cost of Connection, Hydro One shall pay Interest on the amount by which the Connection Cost Deposit exceeded the Allocated Cost of Connection where the Connection Cost Deposit was provided in the form of cash).

In addition to the final invoice or credit memorandum, Hydro One shall also provide the Generator with the Allocated Cost of Connection Statement in the form attached to the Agreement as Schedule "E".

17. Future customers that benefit from any part of the Upstream Transmission Work who connect to Hydro One's distribution system within five years of the in service date of that part of the Upstream Transmission Work will be required to pay an Upstream Transmission Rebate. Any Upstream Transmission Rebate collected by Hydro One in respect of any part of the Upstream Transmission Work will be paid to the Generator as a refund following the connection of any such future customer(s). The Generator acknowledges and agrees that should any such future customer(s) challenge the requirement to pay an Upstream Transmission Rebate and should the OEB agree that such future customer(s) should not have had to make such payment, that the Generator will refund to Hydro One any Upstream Transmission Rebate(s) that the Generator received from Hydro One. THIS OBLIGATION SHALL SURVIVE THE TERMINATION OF THE AGREEMENT.

18. Hydro One shall refund to the Generator or the Generator shall pay to Hydro One any amount, which the OEB subsequently determines should not have been allocated to the Generator or should have been allocated to the Generator by Hydro One but were not, as the case may be, or should have been allocated in a manner different from that allocated by Hydro One in the Agreement.

19. Hydro One will obtain the Generator's approval prior to Hydro One authorizing the purchase of materials or the performance of work that will attract Premium Costs if the total of the Premium Costs exceed \$10,000.00. Premium Costs are in addition to the costs payable by the Generator pursuant to Section 16 hereof. The Generator acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One will not be liable to the Generator as a result thereof. The Generator shall pay any prior-approved Premium Costs within 30 days after the date of Hydro One's invoice.

20. If the Connection is cancelled, or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Generator shall pay the Cancellation/Termination Costs. Hydro One will apply the Connection Cost Deposit and where applicable, the Expansion Deposit, against the Cancellation/ Termination Costs. In the event that the Connection Cost Deposit and where applicable, the Expansion Deposit:

- (a) exceeds the Cancellation/Termination Costs, the unspent Connection Cost Deposit and where

applicable, the Expansion Deposit will be returned to the Generator by no later than 180 days after the date that the Connection is cancelled or the Agreement is terminated; and

- (b) is less than Cancellation/Termination Costs, the Generator shall pay Hydro One the difference within 30 days after the date of Hydro One's invoice.

21. In the event that the Generator sells, leases or otherwise transfers or disposes of all or part of the Generator's Facilities to a third party during the term of the Agreement, the Generator shall cause the purchaser, lessee or other third party to whom the Generator's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Generator's rights and obligations in the Agreement; and notwithstanding such assumption agreement, the Generator shall remain obligated to pay the amounts thereafter payable pursuant to Sections 16, 17, 18, 19 and 20 hereof by the purchaser, lessee or other third party in the case of a transfer or disposition.

Liability and Force Majeure

22.(a) The liability provisions of section 2.2 of the Code apply to the Agreement and are hereby incorporated by reference into, and forms part of, the Agreement *mutatis mutandis*.

(b) The parties agree that the aggregate liability of Hydro One under the Agreement and in particular under Subsection 21(a) above, shall at no time exceed the Allocated Cost of Connection.

(c) A party shall have a duty to mitigate any losses relating to any claim for indemnification from the other party that may be made in relation to that other party. Nothing in this section shall require the mitigating party to mitigate or alleviate the effects of any strike, lockout, restrictive work practice or other labour dispute.

(d) A party shall give prompt notice to the other party of any claim with respect to which indemnification is being or may be sought under the Agreement.

23. The liability provisions set out in Section 21 above shall not apply to damages to Hydro One's distribution system or increased operating costs resulting from the Connection of the Generation Facility to Hydro One's distribution system. The Generator shall reimburse Hydro One for same in accordance with the invoices rendered by Hydro One for same.

24. The force majeure provisions of section 2.3 of the Code apply to the Agreement and are hereby incorporated by reference into, and form part of, the Agreement *mutatis mutandis*.

25. Sections 22, 23 and 24 above shall survive the termination of the Agreement.

Waiver

26. A waiver of any default, breach or non-compliance under the Agreement is not effective unless in writing and

signed by the party to be bound by the waiver. The waiver by a party of any Event of Default, breach or non-compliance under the Agreement shall not operate as a waiver of that party's rights under the Agreement in respect of any continuing or subsequent Event of Default, breach or non-compliance, whether of the same or any other nature.

Amendment

27. Any amendment to the Agreement shall be made in writing and duly executed by both parties.

Exchange and Confidentiality of Information

28. Section 20 of the form of Connection Agreement for a Small Embedded Generation Facility or a Mid-Sized Embedded Generation Facility set out in Appendix E of the Code is hereby incorporated by reference into, and forms part of the Agreement *mutatis mutandis*.

Interpretation

29. Unless otherwise specified, references in the Agreement to Sections or Schedules are to sections, articles and Schedules of the Agreement. Any reference in the Agreement to any statute, regulation, any OEB-approved documents or any section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation, document or section as amended, restated or re-enacted from time to time. The insertion of headings is for convenience only, and shall not affect the interpretation of the Agreement. Unless the context requires otherwise, words importing the singular include the plural and vice versa. The words "including" or "includes" means including (or includes) without limitation.

Invoices and Interest

30. Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including amounts that are not invoiced but required under the terms of the Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

Assignment, Successors and Assigns, Lenders

31.(a) Except as set out in Section 31 below, the Generator shall not assign its rights or obligations under the Agreement in whole or in part without the prior written consent of Hydro One, which consent shall not be unreasonably withheld or unduly delayed. Hydro One may withhold its consent to any proposed assignment until the proposed assignee assumes, in writing, all of the Generator's obligations contained in the Agreement.

(b) Hydro One shall have the right to assign the Agreement in whole upon written notification to the Generator.

(c) The Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

31(a). The Generator may, without the written consent of Hydro One, assign by way of security only all or any

part of its rights or obligations under the Agreement to a Lender(s). The Generator shall promptly notify Hydro One, in writing, upon making such assignment.

(b) The Generator may disclose confidential information of Hydro One to a Lender or prospective Lender provided that the Generator has taken all precautions as may be reasonable and necessary to prevent unauthorized use or disclosure of Hydro One's confidential information by a Lender or prospective Lender.

(c) Where a notice of default has been served on the Generator under Part V of the Agreement, an agent or trustee for and on behalf of the Lender(s) ("Security Trustee") or a receiver appointed by the Security Trustee ("Receiver") shall upon notice to Hydro One be entitled (but not obligated) to exercise all of the rights and obligations of the Generator under the Agreement and shall be entitled to remedy the default specified in the notice of default within the cure period referred to in Part V. Hydro One shall accept performance of the Generator's obligations under the Agreement by the Security Trustee or Receiver in lieu of the Generator's performance of such obligations.

(d) the Lender will have no obligation or liability under the Agreement by reason of the assignment until such time as the Lender, the Security Trustee or the Receiver exercises any of the rights or obligations of the Generator under the Agreement.

(e) notwithstanding subsection (d) above, Hydro One agrees that the Lender will have no obligation or liability under the Agreement by reason of the assignment if the Lender exercises the obligation of the Generator under the Agreement to cure a default for failing to pay an amount(s) due and owing under the Agreement within the cure period provided for in the Agreement after written notice of such default is delivered to the Generator.

(f) The Generator shall be deemed to hold the provisions of this Section 31 that are for the benefit of Lender(s) in trust for such Lender(s) as third party beneficiary(ies) under the Agreement.

Survival:

32. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 16, 17, 18, 19 or 20 shall survive the termination of the Agreement.

Connection Cost Agreement

between

Xeneca Limited Partnership

and

Hydro One Networks Inc.



FOR

**THE CONNECTION OF A 2 MW GENERATION FACILITY
TO HYDRO ONE'S DISTRIBUTION SYSTEM**

Xeneca Limited Partnership (the "**Generator**") has requested and Hydro One Networks Inc. ("**Hydro One**") is agreeable to performing the work required to connect the Generation Facility to Hydro One's distribution system at the Point of Common Coupling on the terms and conditions set forth in this **Connection Cost Agreement** which includes Schedules "A" (Scope of Work), "B" (Generator Connection Work), "C" (Estimated Allocated Cost of Connection and Miscellaneous), "D" (Offer to Connect); and "E" (Allocated Cost of Connection Statement) and the Standard Terms and Conditions V2011-1 (the "**Standard Terms and Conditions**") attached hereto (collectively, the "**Agreement**").

I. Representations and Warranties

The Generator represents and warrants to Hydro One as follows, and acknowledges that Hydro One is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) the Generation Facility is fully and accurately described in the Application;
- (b) all information in the Application is true and correct;
- (c) if the Generator is a corporation or other form of business entity, the Generator is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
- (d) the Generator has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (e) this Agreement constitutes a legal and binding obligation on the Generator, enforceable against the Generator in accordance with its terms;
- (f) any individual signing this Agreement on behalf of the Generator has been duly authorized by the Generator to sign this Agreement and has the full power and authority to bind the Generator; and
- (c) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada) and its HST registration number is 823432893RT0001.

Hydro One represents and warrants to the Generator as follows, and acknowledges that the Generator is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) Hydro One is duly incorporated under the laws of Ontario;
- (b) Hydro One has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (c) this Agreement constitutes a legal and binding obligation on Hydro One, enforceable against Hydro One in accordance with its terms; and
- (d) any individual signing this Agreement on behalf of Hydro One has been duly authorized by Hydro One to sign this Agreement and has the full power and authority to bind Hydro One; and
- (e) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada) and its HST number is 87086-5821 RT0001.

II. Except as expressly set out in this Agreement, this Agreement shall be in full force and effect and binding on the parties upon the date that this Agreement was executed by Hydro One and shall expire on the date that is after the latest of:

- (a) Hydro One performing all of the Hydro One Connection Work;
- (b) the Generator paying all amounts required to be paid by the Generator under the terms of this Agreement; and
- (c) where applicable, Hydro One refunding the Deposits in accordance with the terms of this Agreement (the "**Term**").

For greater certainty, Hydro One shall not be obligated to execute this Agreement until such time as the Generator has paid all amounts required to be paid by the Generator upon the execution of this Agreement by the Generator, including, the Connection Cost Deposit.

Termination of this Agreement for any reason shall not affect the liabilities of either party that were incurred or arose under this Agreement prior to the time of termination. Termination of this Agreement for any reason shall be without prejudice to the right of the terminating Party to pursue all legal and equitable remedies that may be available to it including, but not limited to, injunctive relief.

III. Permitted Deviations and Exceptions to Mandatory TIR Requirements

The following are the only deviations from and exceptions to Hydro One's "Distributed Generation Technical Interconnection Requirements: Interconnections at Voltages 50kV and Below" (the "TIR") that Hydro One has accepted in respect of the Connection of this Generation Facility and a description of the alternatives that Hydro One has accepted and the work that the Generator has agreed to perform in consideration of Hydro One accepting such deviations and exceptions:

None.

IV. Any notice, demand, consent, request or other communication required or permitted to be given or made under or in relation to the Agreement shall be given or made: by courier or other personal form of delivery; by registered mail; by facsimile; or by electronic mail. Notices to the Generator shall be addressed to Mike Vance, 5160 Yonge Street, Suite 520, Toronto, Ontario, M2N 6L9, telephone number: 416-590-9362, fax number: 416-590-9955, e-mail address: mvance@xeneca.com. Notices to Hydro One shall be addressed to the Business Customer Centre (BCC), Attn: Generation Connection Application, 185 Clegg Road, Markham, Ontario, L6G 1B7, e-mail address: dxgenerationconnections@hydroone.com, telephone number: 1-877-447-4412 (select option 2).

A notice, demand, consent, request or other communication shall be deemed to have been made as follows:

- (a) where given or made by courier or other form of personal delivery, on the date of receipt;
- (b) where given or made by registered mail, on the sixth day following the date of mailing;
- (c) where given or made by facsimile, on the day and at the time of transmission as indicated on the sender's facsimile transmission report; and
- (d) where given or made by electronic mail, on the day and at the time when the notice, demand, consent, request or other communication is recorded by the sender's electronic communications system as having been received at the electronic mail destination.

V. The Generator acknowledges and agrees that the Generator has read and understands Section 6.2.4.1 of the Code. Furthermore unless the Generation Facility is a Capacity Allocation Exempt Small Embedded Generation Facility or the Generator is not an Embedded Retail Generator, the Generator acknowledges and agrees that upon the occurrence of any of the events described in Subsection 6.2.4.1e ii., iii., iv. and v. of the Code or the termination or cancellation of the Project:

- (a) Hydro One shall remove the Generator's capacity allocation;
- (b) the Generator's Capacity Allocation Deposit and/or any Additional Capacity Allocation Deposit paid pursuant to the terms of this Agreement are hereby forfeited by the Generator and will be retained by Hydro One in a deferral account for disposition by the OEB; and
- (c) this Agreement will be deemed to be terminated and any unspent Connection Cost Deposit will be returned to the Generator in accordance with Section 19 of the Standard Terms and Conditions.

For the purposes of Subsection 6.2.4.1e.v of the Code, a default of this Agreement shall include a Generator Default. Hydro One shall give the Generator written notice of a Generator Default and allow the Generator 30 calendar days from the date of receipt of the notice to rectify the Generator Default, at the Generator's sole expense.

VI. Large Embedded Generation Facility

Where the Generation Facility is a Large Embedded Generation Facility, the following terms apply:

Once the IESO has completed the System Impact Assessment and Hydro One's transmission business unit has completed the Customer Impact Assessment in respect of the proposed connection of the Generation Facility to Hydro One's distribution system, Hydro One will have Hydro One's transmission business unit perform an estimate study to delineate the scope of work of the Upgrade Work and provide an estimate of the Upgrade Costs (the "**TX Estimate Study**"), at the Customer's expense. By no later than 30 days after Hydro One's business unit has delivered the results of the TX Estimate Study, Hydro One shall deliver to the Customer new Schedules "A", "B" and "C" (the "**New Schedules**") to replace Schedules "A", "B" and "C" attached hereto. The New Schedules shall be made a part hereof as though they had been originally incorporated into the Agreement.

By no later than 20 days after the New Schedules have been delivered to the Customer (the "**20-Day Period**"), the Customer shall increase the Connection Cost Deposit the Customer paid on the execution of this Agreement (the "**Original Connection Cost Deposit**") by the difference between the Original Connection Cost Deposit and the Total Estimated Allocated Cost of Connection set out in Section 1.1 of the new Schedule "C" plus applicable Taxes on such difference. Should the Customer fail to pay same prior to the expiry of the 20-Day Period:

- (i) this Agreement will be deemed to be terminated and the parties shall be under no legal obligation or have any liability of any nature whatsoever with respect to the matters described herein;
- (ii) Hydro One will remove the Generator's capacity allocation;
- (iii) the Generator's Capacity Allocation Deposit and/or any Additional Capacity Allocation Deposit paid pursuant to the terms of this Agreement will be forfeited by the Generator and will be retained by Hydro One in a deferral account for disposition by the OEB; and
- (iv) the Original Connection Cost Deposit less the Actual Cost of the TX Estimate Study (plus applicable Taxes) will be returned to the Generator.

For greater certainty, the Customer acknowledges and agrees that Hydro One will not perform any Hydro One Connection Work until Hydro One has increased the Connection Cost Deposit by the difference between the Original Connection Cost Deposit and the Total Estimated Allocated Cost of Connection set out in Section 1.1 of the new Schedule "C" plus applicable Taxes.

VII. Upstream Transmission Work and Upstream Transmission Rebates

Hydro One's estimate of the Upstream Costs and/or Upstream Transmission Rebates payable by the Generator as set out in Section 1.1. of Schedule "C" of this Agreement, if any, are based on transmission planner estimates as opposed to a Class "C" estimate.

Hydro One's transmission business will perform a Class "C" estimate of the Upstream Transmission Work. If the Class "C" estimate of the cost of the Upstream Transmission Work is greater than the

Planner's Estimate of the cost of the Upstream Transmission Work, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit by an amount equal to the difference (plus applicable Taxes). In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit.

Where the Generator is required to pay an Upstream Transmission Rebate and Hydro One's transmission business subsequently performs a Class "C" Estimate of the work previously or currently being performed on Hydro One's transmission system which is the subject of the Upstream Transmission Rebate, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit by an amount equal to the difference (plus applicable Taxes) between the current estimate of the Upstream Transmission Rebate and the new estimate of the Upstream Transmission Rebate. In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit.

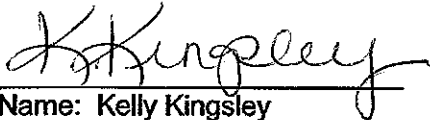
[SIGNATURE PAGE FOLLOWS]

VIII. This Agreement:

- (a) except as expressly provided herein, constitutes the entire agreement between the parties with respect to the subject-matter hereof and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the subject matter hereof;
- (b) shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein; and
- (c) may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

IN WITNESS WHEREOF, Hydro One and the Generator have executed this Agreement in duplicate, as of Execution Date written below.

HYDRO ONE NETWORKS INC.



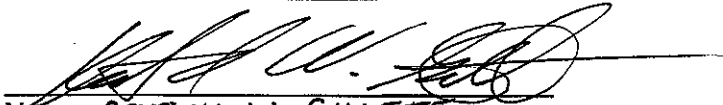
Name: Kelly Kingsley

Title: Manager- Distributed Generation

Execution Date: April 5 / 2011

I have the authority to bind the Corporation.

XENECA LIMITED PARTNERSHIP, BY ITS GENERAL PARTNER XENECA GP INC.



Name: PATRICK W. GILLETTE

Title: PRESIDENT & COO

Name:

Title:

Date: MAR 28, 2011

I/We have the authority to bind the corporation.

The corporation has the authority to bind the Limited Partnership.

Schedule "A": Scope of Work

Part A: Hydro One Connection Work

Hydro One will provide project management, engineering, equipment and materials, construction, commissioning and energization for all work required to be performed in respect of Hydro One's distribution system and transmission system in order to Connect the Generation Facility at the PCC.

This specification roughly describes the line and station works that Hydro One will provide to Connect the Generation Facility to Hydro One's distribution system. This specification is based on the "high-level" results from the Impact Assessment and may change materially which may have a material impact on the In-service Date and/or the Allocated Cost of Connection. Exceptions to the specifications are identified within each sub-project plan. All materials and equipment removed will be scrapped at site unless specifically stated otherwise.

CONNECTION ASSETS:

Part 1a: 44 kV Line Connection

Hydro One will:

- Conduct Commissioning, customer verification process, and COVER work including, but not limited to, document reviews and acceptance, design reviews and acceptance, and, review and acceptance of COVER.
- For Generation Facilities that lie along the existing distribution system, distribution line work required to connect the proposed Generation Facility's tap line to the 44 kV, M4 feeder at the PCC (i.e. line tap connection).
- Check the impact of increased line to ground fault current on station grounding. (Fault contributions from the Generation Facility will be provided.)
- Provide metering services to connect the Generation Facility:
 - Set up a pending account in CSS for the Generator.
 - Provide Hydro One's retail metering standard for revenue metering to the Generator.

- Review and approve proposed revenue metering design and SLD.
- Supply and install required revenue meter(s) at the Generator's cost.
- Check and verify operation of installed revenue metering system based on Hydro One requirements.
- Integrate meter point into Hydro One power quality (PQ) monitoring system, including, but not limited to, set up in PQ View and set up on web interface.

Part 1b: Where Generator's Facilities do not meet the power distance test (CIA results) AND Generator to install dynamic compensation equipment

Intentionally Deleted.

RENEWABLE ENABLING IMPROVEMENTS:

Hydro One will:

- Check Hydro One distribution system protection coordination and settings including High Voltage (HV) side of the Generation Facility.

UPSTREAM TRANSMISSION WORK:

The following work is to be performed on Hydro One's transmission system to address the impact on Hydro One's transmission system of the Connection of the Generation Facility:

- Install transfer trip between feeder breaker M4 and the Generation Facility. (Please check if Freewave radio is an option for this site. If not, use the standard NSD570 equipment.) This is the work at Hydro One's end only, and it excludes telecom circuit leasing and work at the Generation Facility's end.
- Distributed Generator End Open (DGEO) signal is required for the Auto-reclose Supervision of the 44 kV, M4 feeder breaker in Larchwood TS.

- The feeder breaker must be capable of sending Transfer Trip and receiving DGEO signals.
- Use Low Set Block Signal (LSBS) from the Generation Facility to the feeder breaker M4 to avoid nuisance tripping due to the Generation Facility's interface transformer magnetizing in-rush current.
- Cascade the transfer trip signal from Project ID# 12,650 – At Soo Crossing and Project ID#12,660 – Cascade Falls GS to this project (Project #12,670 – McPherson Fall GS)
- Metering devices for M4 feeder need to be compatible with reverse flow. Change if required since reverse power flow will occur on this feeder.
- Check the metering devices at Larchwood TS and ensure they are compatible with reverse flow. Change if required since reverse power flow will occur at the station.
- Monitoring as per TIR details.
- Ensure phase fault protection is directional to avoid nuisance tripping due to adjacent feeder faults.

PART B: UPSTREAM HOST DISTRIBUTOR WORK

Nil.

PART C: CHANGES TO SCOPE OF WORK

Any change in the scope of the Hydro One Connection Work as described in this Agreement whether they are initiated by the Generator or are Non-Customer Initiated Scope Changes, may result in a change to the Estimated Allocated Cost of Connection and the schedule, including the In-service Date.

All scope changes initiated by the Generator must be made in writing to Hydro One. Hydro One will advise the Generator of any cost and schedule impacts of the scope changes initiated by the Generator. Hydro One will advise the Generator of any material cost and/or material schedule impacts of any Material Non-Customer Initiated Scope Changes.

Hydro One will not implement any scope changes initiated by the Generator until written approval has been received from the Generator accepting the new pricing and schedule impact.

Hydro One will implement all Non-Customer Initiated Scope Change(s) until the estimate of the cost of the Non-Customer Initiated Scope Change(s) made by Hydro One reaches 10% of the total Estimated Allocated Cost of Connection. At that point, no further Non-Customer Initiated Scope Change(s) may be made by Hydro One without the written consent of the Customer accepting new pricing and schedule impact. If the Customer does not accept the new pricing and schedule impact, Hydro One will not be responsible for any delay in the In-service Date as a consequence thereof.

Note:

Portions of the work described in Part A and Part B above may not be performed by Hydro One or the Host Distributor, as the case may be, until after the Generation Facility has been connected to Hydro One's distribution system, including, but not limited to all or portions of the Upstream Transmission Work, de-mobilization work, changes to Hydro One's or the LDC's documentation for their respective facilities, Field Mark prints (FMP) etc.

Schedule "B": Generator Connection Work

Part 1: General Project Requirements:

The Generator shall:

(a) enter into a Connection Agreement with Hydro One at least 30 days prior to the first Connection to Hydro One's distribution system;

(b) ensure that project data is made available or provided to Hydro One as required by Hydro One;

(c) ensure that the work performed by the Generator and others required for successful installation, testing and commissioning of protective and metering equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;

(d) obtain a certificate of inspection or other applicable approval to be issued or given by the Electrical Safety Authority in relation to the Generator's Facilities;

(e) provide a dedicated dial-up business telephone circuit for the metering equipment in accordance with Hydro One requirements;

(f) provide telephone communication between Hydro One's operator and the Generator's Operator;

(g) make any changes to the Generator's Facilities required for compliance with the *Electrical Safety Code*;

(h) complete its engineering design and provide Hydro One with detailed electrical drawings at least six (6) months prior to the In-service Date mutually agreed by the parties or as reasonably required by Hydro One; and

(i) Provide a COVER that is signed by a Professional Engineer registered in Ontario.

(j) Provide Distributed Generator End Open signal to support automatic re-closing

(k) Ensure that Generation Facilities are in compliance with the CIA.

Items (d), (e), and (f) of Part 1 above shall survive the termination of this Agreement.

Part 2: Line tap and Grounding Related Issues

The Generator shall furnish and install a disconnection switch at the PCC for the Generation

Facility that opens, with a visual break, all ungrounded poles of the connection circuit. The disconnection switch at the PCC shall be rated for the voltage and fault current requirements of the Facility, and shall meet all applicable CSA standards, ESA requirements, and all other Applicable Laws. The switch enclosure, if applicable, shall be properly grounded. The disconnection switch at the PCC shall be accessible at all times, located for ease of access to Hydro One's personnel, and shall be capable of being locked in the open position.

Part 3: Teleprotection at the Generator's Facilities

The Generator will:

- Provide LSBS to mitigate inadvertent trips.
- Accept Transfer Trip Signals from Hydro One's M4 feeder breaker.
- Provide DGEO Signal to Hydro One's M4 feeder breaker.
- Provide full monitoring of the Generation Facilities

Part 3 shall survive the termination of this Agreement.

Part 4: Telecommunications

Prior to the Connection of the Generator's Facilities, the Generator will:

- Provide communications cable entrance facility and cable protection at the Generator's Facilities for telephone circuit for metering and any transfer trip or breaker status if required.
- Be responsible for all monthly leasing costs, and, if required in the future, be responsible for the yearly leasing charge (per pair) for Hydro One's neutralizing transformer capacity. This requirement will be a term in the Connection Agreement.
- Provide circuit routing.

Part 4 shall survive the termination of this Agreement.

Part 5: Work Eligible for Alternative Bid

Not Applicable

Part 6: Revenue Metering

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, the Generator will be responsible for all costs for Hydro One to supply and install a four quadrant interval metering facility in accordance with, but not limited to, the requirements of Distribution System Code, Measurement Canada, Retail Settlement Code and Hydro One. The Generator may make other

arrangements for the metering facility installation that are acceptable to Hydro One and must submit the drawings and specifications for Hydro One's review to determine if the metering location, design and any applicable loss calculations are acceptable to Hydro One. Hydro One will own and maintain the interval metering facility and dedicated dial-up business telephone circuit, if such circuit is required.

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, the Generator will provide to Hydro One the necessary information so that Hydro One may arrange for registration of the meter point with IESO, if applicable, and arrange for totalization table and settlement systems updates.

Prior to connection of the Generator's Facilities to Hydro One's distribution system to take or deliver any power, if the Generator is a primary metered generator, the Generator shall procure new high accuracy current transformers that meet ANSI 0.15s (the "CTs"). The Generator shall also ensure that the CTs have manufacturer warranties for a period of at

least two (2) years with such warranties being transferable to Hydro One. The Generator shall be deemed to have transferred the CTs to Hydro One for \$1.00 immediately prior to the Generator signing the Connection Agreement.

Part 7: Where Generator's Facilities do not meet the power distance test (CIA results) AND Generator to install dynamic compensation equipment

Intentionally Deleted.

Part 8: Documentation

Prior to Connection of the Generator's Facilities to Hydro One's distribution system, the Generator shall have provided Hydro One with the Connection interface documents specified below for review by Hydro One in the implementation Connection phase.

Connection of a Generation Facility to Hydro One's Distribution System
LIST OF REQUIRED DOCUMENTS
DG Proponent Deliverables: Documents and Timelines

Version: Rev 3

	Doc.	Remarks	Timelines	Due Date (Project Specific, based on ISD)
1. Initial Documents	1. Single Line Diagram 2. Protection Description Doc. & Power Factor Control 3. SCADA Communication / Telemetry Points 4. Power Factor Control of Generator	<p>1. The SLD must be acceptable as per the TIR containing all devices clearly identified with the type and brief specifications; including but not limited to:</p> <ul style="list-style-type: none"> a) Clear mention / identification of the PCC b) Circuit Breakers c) Transformers d) Disconnecting Switch e) PTs f) Fuses g) Protections h) Teleprotection i) How and where Transfer Trip and DGEO are integrated in and means of communication. j) Status devices k) Device Nomenclature assigned L) Others <p>2. The Protection Description Doc. must also be acceptable as per the TIR: including but not limited to:</p> <ul style="list-style-type: none"> a) Introduction <ul style="list-style-type: none"> i) System Description b) Protection Description <ul style="list-style-type: none"> i) Communication ii) Transfer Trip Protection and means i.e. FreeWave Radio, NSD570 / Bell S4T4 iii) Feeder Protection iv) Embedded Generator End Open v) Generation Rejection (G/R) vi) Circuit Switcher Failure vii) Switching Station & Cables Protection viii) Pad Mount Transformer Protection ix) Interlocks x) Circuit switcher Auto-Recloser xi) Ground fault suppression at PCC xii) Generators 	<p>Required 6 months before ISD in DRAFT,</p> <p>4 months before ISD: FINAL approved version.</p>	

		<p>xiii) Generator Protection ix) Synchronizing of Generator:</p> <ul style="list-style-type: none"> Description of Synchronizing Scheme (Synchronous & Inverter Units) & Connection Scheme for Induction Units <p>c) General Operating Philosophy d) Tripping Matrix / Relay Logic Diagrams 3. SCADA Communication link / Telemetry Pts.: The SLD Doc. must also contain: a) SCADA / Telemetry Points, I/O List b) Device and Mode of communication / means of access i.e. RTU for SCADA points / Telemetry Path (either Cellular / wireless or Bell S4T4, Fibre) 4. Power Factor Control of Generator i) Protection AC and DC EWD ii) Protection Three Line Diagrams iii) Interface Protection Relay / Fuse Coordination Study, Curves & Settings iv) Interface Electrical Equipment Technical Information / Data Sheets / Manufacturer's Nameplate Information v) Breaker Failure Protection AC and DC EWD vi) Detailed Power Factor Control Plan</p>		
2. Interface Protection Settings	Proposed Interface Protection Settings	Draft Settings	2 Months before ISD	
		Final Settings	2 Weeks before ISD	
3. Metering	Metering	<p>Following must be provided by the Generator if they make other arrangements acceptable to Hydro One to supply and install the metering facility. Revenue Metering Single Line 1) Meter Form, MV 90 2) Site Specific Loss Adjustment</p>	Required 3 months before ISD	

		(SSLA): (Line and Transformer, as per Market Manual 3-3.5, stamped by an Electrical Engineer Registered in Ontario, Note: Revenue metering single line diagram to use the format and provide the information as per IESO Market Manual 3: Metering, Part 3.6 conceptual Drawing Review. Show ownership boundaries, transformers, CTs, VTs, isolating device / disconnect, breakers, operating designations, etc.		
4. GPR Study	Ground Potential Rise (GPR) Study		Hydro One may require GPR study results	
5. SCADA Comm.	SCADA Communication link / Telemetry Points:	Order Modem & provide ESN No.	3 Months before ISD	
		Activate Modem & Communication link testing	6 Weeks before ISD	
		Verification of End to End Testing / SCADA points testing	2 weeks before ISD	
6. COVER Doc.	Commissioning & Verification Procedure, Plan & Schedule Discussion / Meeting	Formal Discussion / Meeting with Hydro One regarding Commissioning Plan, Procedures and Schedule	3 months before ISD	
	COVER Stage 1 – DRAFT/PLAN COVER		Required 2 months before ISD (Back Feed or Generation)	
	COVER Stage 2 – FINAL COVER (Pre-Energization)		2 weeks before ISD	
	COVER Stage 3 – FINAL COVER (Post-Energization)		Required within 5 business days after ISD	
7.	DCA		Draft DCA: 3 months before ISD (Either Back Feed or Generation)	
			Final Signed: 1 month before ISD	
8.	Generator License		Confirmation of Generator License required 2 weeks before ISD	
9.	ESA Certification		2 Weeks before ISD (Either Back Feed or Generation)	

Note:

1. Any delay in submission of each doc. as above will cause delay in the negotiated ISD depending upon the doc., significance and prevailing situations and circumstances

2. Each additional review / resubmission of above documents will lead to additional costs to the project / proponent
3. The requirement of documents and timelines as above are subject to change as per policies, codes and practices time to time but due notice will be given to the proponents
4. The above list includes drawings that would generally be required for Generation Facility projects.
5. Additional drawings / information may be required for certain projects. In such cases, Hydro One will duly inform the Generation Facility.
6. For small generation facility projects, some drawings / information may not be required. For example, those relating to tele-protection, breaker failure, etc.
7. Hydro One's review of Generation Facility drawing / data / protection settings & witnessing of commissioning tests etc. shall be limited only to those portions of the Generation Facility that interests Hydro One and which interfaces with its distribution system.
8. The Generator shall be responsible to coordinate the design, installation, testing, operation and maintenance of its facilities in conformance with applicable codes, standards, Hydro One and IESO connection requirements, service performance requirements and all relevant laws and regulations. The Generator shall obtain, at its expense, any and all authorizations, permits and licenses required for the construction and operation of its Generation Facilities.

Schedule "C": Estimated Allocated Cost of Connection and Miscellaneous

PART 1:

1.1 Total Estimated Allocated Cost of Connection

The total estimated allocated cost of connection (excluding applicable Taxes) is summarized as follows:

Connection Assets:	\$54,000.00
Expansion:	\$0
Renewable Enabling Improvements:	\$14,000.00
Upstream Costs: ¹	\$85,000.00
Upstream Transmission Rebates:	\$0

Total Estimated Allocated Cost of Connection	\$153,000.00
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The total estimated allocated cost of connection (excluding applicable Taxes) is based on the Class "C" Estimate. Notwithstanding the provision of such Class "C" Estimate to the Generator, the final allocation to the Generator of the cost of connection will be based on the Actual Cost of the Hydro One Connection Work.

1.2 Contingencies:

The above-estimate does not include contingencies that may be necessary in order to Connect the Generation Facility to Hydro One's distribution system. These contingencies include, but are not limited to:

- i. Generator initiated scope changes;
- ii. Changes to the scope of any Required Connection Work;
- iii. planned outage delays/cancellations; subsequent line/equipment commissioning; and
- iv. removal and treatment of contaminated soil during excavation.

1.3 Deposits due on execution of Agreement by Generator:

Connection Cost Deposit:	\$139,000.00
Expansion Deposit:	\$0
Capacity Allocation Deposit:	\$0 where the Generator has an executed OPA contract which includes a requirement for security deposits or similar payments

PART 2: MISCELLANEOUS

2.1 Description of Generation Facility

Consists of 1 x 2000 kW Hydraulic Turbine and is located in Sudbury District/Espanola, Lot Number 11-12, Concession Number 2.

2.2 Point of Common Coupling/PCC/Point of Supply:

The Generation Facility will be connected to the 44 kV M4 Hydro One distribution feeder of Larchwood Transmission Station.

2.3 In-service Date

To be mutually agreed by no later than 45 days after the latest of the date that:

- (a) Hydro One has accepted and executed the agreement which occurs after the Generator has delivered and executed this Agreement to Hydro One; and

¹ Includes the cost of any Upstream Transmission Work and/or Upstream Host Distributor Work.

(b) the Generator paid Hydro One the Deposits specified above in Section 1.3 of this Schedule "C".

In any event, the In-service Date shall not be later than:

- (i) five (5) years from the Application date specified in section 2.4 below for water power projects; or
- (ii) three (3) years from the Application date specified in section 2.4 below for other types of projects.

2.4 Application Date

July 6, 2010

2.5 Hydro One's Assets:

A. Hydro One will own all equipment and facilities installed by Hydro One as part of the Hydro One Connection Work in, under, on, over, along, upon, through and crossing Hydro One's Property(ies).

B. Hydro One will own the following equipment installed by the Generator in, under, on, over, along, upon, through and crossing Hydro One's Property(ies):

1) Nil

C. Hydro One will own the following equipment installed by Hydro One as part of the Hydro One Connection Work in, under, on, over, along, upon, through and crossing the Generator's Property:

1) Nil

D. Hydro One will own the following equipment installed by the Generator in, under, on, over, along, upon, through and crossing the Generator's Property(ies):

1) High accuracy current transformers that meet ANSI 0.15s.

E. Where applicable, Hydro One will own any Expansion including, any Work Eligible for Alternative Bid with the exception of any Expansion made by a Host Hydro One as part of any required Host Hydro One Work.

2.6 Documentation Required:

Documentation describing the as-built electrical information shall include a resubmission of the information listed in Part 6 of Schedule "B" marked "as built" and signed by a Professional Engineer registered in Ontario.

Schedule "D": Offer to Connect

Nil.

Schedule "E": Allocated Cost of Connection Statement

As set out in Section 16 of the Standard Terms and Conditions, Hydro One will also provide the Generator with the Allocated Cost of Connection Statement in the form below:

Project Investment No.	
Ready for service date	
Project Title	
Project Description	
Labour (including Design, Engineering, Construction and Commissioning)	
Material	
Equipment	
Overhead (including Administration and Project Management)	
Total Cost K\$	\$

Note 1: Estimated costs during project execution issued to the Generator in accordance with Schedules "A" and "C" for Hydro One Connection work associated with the Connection of the Generation Facility.

Connection Cost Agreement Standard Terms and Conditions

V2011-1

Definitions

1. Throughout the Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Act" means the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Schedule "B", as amended.

"Actual Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads and interest thereon.

"Commercial Operation" has the meaning given to it in Section 2.6 (a) of the form of Feed-In-Tariff Contract posted on the Ontario Power Authority's website on September 30, 2009.

"Commercial Operation Date" means the date on which Commercial Operation is first attained.

"Allocated Cost of Connection" means the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One has allocated to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, a Capital Contribution as determined by performing an Economic Evaluation using the Actual Cost of the Expansion and any costs payable pursuant to Subsection 15(c);
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (f) the amounts of any rebates made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap irrespective of whether such amounts were originally included in the Estimated Allocated Cost of Connection or in the Class "C" Estimate; and
- (g) the amounts of any Upstream Transmission Rebates.

"Additional Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Additional Work" means any work beyond the work described in Schedule "A" as a result of any changes in scope caused by or requested by the Generator and any work that is increased beyond the work estimated in Schedule "A" due to any delays or other actions caused by or requested by the Generator.

"Applicable Laws", means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or

government department, commission, board, court authority or agency.

"Application" means the Generator's application for Connection of the Generation Facility to Hydro One's distribution system.

"Application Date" means the date that the Generator submitted its Application to Hydro One and is as specified in Section 2.4 of Schedule "C".

"Bank" means a bank listed in Schedule I or II of the *Bank Act* (Canada).

"Business Day" means a day other than Saturday, Sunday, statutory holiday in Ontario or any other day on which the principal chartered banks located in the City of Toronto, are not open for business during normal banking hours.

"Cancellation/Termination Costs" means the Actual Cost of the Hydro One Connection Work (plus applicable Taxes) and any Upstream Host Distributor Work accrued on and prior to the date that the Connection is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Hydro One Connection Work and any Upstream Host Distributor Work, including, storage costs, facility removal expenses and any environmental remediation costs.

"Capacity Allocation Exempt Small Embedded Generation Facility" has the meaning given to it in the Code.

"Capacity Allocation Deposit" means an amount representing \$20,000.00 per MW of capacity of the Generation Facility.

"Capital Contribution" is the amount that Hydro One may charge the Generator in respect of an Expansion to connect the Generation Facility which shall not exceed the Generator's share of the present value of the projected capital costs (including, where applicable, any Transfer Price paid by Hydro One for the Work Eligible for Alternative Bid) and on-going maintenance costs of the Expansion facilities.

"Class C Estimate" means the rough estimate provided to the Generator by Hydro One of the cost of the work described in the high-level results from the Impact Assessment to be performed by Hydro One in order to Connect the Generation Facility which generally has a degree of accuracy of plus or minus fifty percent.

"Code" means the Distribution System Code issued by the OEB on July 14, 2000 as amended or revised from time to time.

"Connection" and "Connect" have the meaning given to the term "Connection" in the Code.

"Connection Agreement" has the meaning given to it in the Code.

"Connection Assets" has the meaning given to it in the Code.

"Connection Cost Deposit" means 100% of the total Estimated Allocated Cost of Connection as specified in Part I of Schedule "C".

"Connection Materials" means the materials ordered by Hydro One for the purpose of the Connection.

"COVER" stands for Hydro One's "Confirmation of Verification Evidence Report".

"Customer Impact Assessment" means a customer impact assessment performed by Hydro One's transmission business unit in accordance with the requirements of the Transmission System Code.

"Deposits" means collectively, the Capacity Allocation Deposit, the Additional Capacity Allocation Deposit, the Expansion Deposit and the Connection Cost Deposit.

"Distribute" has the meaning given to it in the Code.

"Economic Evaluation" means the analytical tool designed and used by Hydro One using the methodology and inputs described in Appendix "B" of the Code.

"Electricity Act, 1998" means the *Electricity Act, 1998*, S.O. 1998, c.15, Schedule "A", as amended

"Embedded Retail Generator" has the meaning given to it in the Code.

"Emergency" has the meaning given to it in the Code.

"Enabler Facility" has the meaning given to it in the Transmission System Code.

"Enhancement" has the meaning given to it in the Code.

"ESA" means the Electrical Safety Authority.

"Estimated Allocated Cost of Connection" means Hydro One's estimate of the cost related to the Connection of the Generation Facility to Hydro One's distribution system that Hydro One will have to allocate to the Generator in accordance with the Code and where applicable, the Transmission System Code, including:

- (a) where applicable, the Capital Contribution as determined by performing an Economic Evaluation using a Class "C" estimate of the Actual Cost of the Expansion and the costs payable pursuant to Subsection 15(c) below;
- (b) the cost of the work required in respect of the Connection Assets and any Renewable Enabling Improvement(s);
- (c) 100% of the Upstream Costs;
- (d) where applicable, the Actual Cost of any Additional Work;
- (e) the amounts of any rebates that will have to be made by Hydro One to any initial contributors in respect of an Expansion in accordance with Section 3.2.27A of the Code which exceeds the Generator's Renewable Energy Expansion Cost Cap; and
- (f) the amounts of any Upstream Transmission Rebates.

"Expansion" has the meaning given to it in the Code.

"Expansion Deposit" means a deposit requested by Hydro One to be paid by the Generator that covers both the forecast risk (the risk associated with whether any projected revenue for the Expansion will materialize as forecasted) and the asset risk (the risk associated with ensuring that the Work Eligible for Alternative Bid when it is performed by the Generator, is constructed, that it is completed to the proper design and technical standards and specifications, and that the Work Eligible for Alternative Bid operates properly when energized) which shall not exceed:

- (a) 100% of the present value of any forecasted revenues where the Generator has to pay a Capital Contribution; and
- (b) 100% of the present value of the projected capital costs and on-going maintenance costs of the work that is not eligible for alternative bid and the Work Eligible for Alternative Bid facilities where the Generator does not have to pay a Capital Contribution.

"Force Majeure Event" means any cause, existing or future, which is beyond the reasonable control of, and not a result of the fault or negligence of, the affected party and includes, strikes, lockouts and any other labour disturbances and manufacturer's delays for equipment or materials required for any Required Connection Work.

"Generation Facility" means the generation facility described in Schedule "C".

"Generator Connection Work" means the work to be performed by the Generator, at its sole expense, which is described in Schedule "B" attached to the Agreement as well as the work described in Part III of the Agreement, if any.

"Generator Default" means any of the following:

- (a) failure by the Generator to pay any amount due under the Agreement within the time stipulated for payment;
- (b) breach by the Generator of any term, condition or covenant of the Agreement;
- (c) the making of an order or resolution for the winding up of the Generator or of its operations or the occurrence of any other dissolution or liquidation proceeding instituted by or against the Generator.

"Generator's Facilities" means the Generation Facility and associated Connection devices, protection systems and control systems owned or operated by the Generator.

"Generator's Property(ies)" means any lands owned by the Generator in fee simple or where the Generator now or hereafter has obtained easement rights.

"Good Utility Practice" has the meaning given to it in the Code.

"Host Distributor" has the meaning given to it in the Code.

"Upstream Host Distributor Work" means any work required to be performed by a Host Distributor on its distribution system in order for Hydro One to Connect the Generation

Facility to Hydro One's distribution system, including the work described in Part C of Schedule "A", attached to the Agreement.

"Hydro One Connection Work" means all of the work to be performed by Hydro One that is required to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part A of Schedule "A", attached to the Agreement.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator.

"Impact Assessment" means the impact assessment performed by Hydro One for the Project in accordance with Section 6.2.12 or Section 6.2.13 of the Code, as the case may be, prior to the execution of the Agreement and includes any revisions which may be made to that Impact Assessment from time to time thereafter.

"In-service Date" means the date that Hydro One accepts the normal operation of the Generator's Facilities.

"Interest" means interest accrued monthly commencing on the receipt of any cash Deposit at the Prime Business Rate set by the Bank of Canada less 2 percent.

"Large Embedded Generation Facility" has the meaning given to it in the Code.

"Lender" means a bank or other entity whose principal business is that of a financial institution and that is financing or refinancing the Generation Facility.

"Letter of Credit Minimum Requirements" means a letter of credit that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) issued by a Bank;
- (c) allows for presentment in Toronto, Ontario or presentment using a valid fax number where the Bank does not have a branch in Toronto, Ontario;
- (d) have an expiry date that is acceptable to Hydro One;
- (e) provide that any notice that the Bank does not wish to extend the letter of credit for any additional period of expiry must be provided, in writing, to Hydro One Networks Inc., 185 Clegg Road, Markham ON L6G 1B7, Attn: Denise Hunt (R32E2), at least sixty (60) days prior to any expiration date;
- (f) permits partial drawings and multiple presentations;
- (g) provides that drawings will be paid on written demand without the issuing Bank enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the Generator;
- (h) only requirement to be met in order to draw on the letter of credit is that Hydro One present the letter of credit and a certificate stating that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*, 20__, as it may be

amended by the Generator and Hydro One from time to time;

- (i) provides that banking charges and commissions associated with the letter of credit are payable by the Generator;
- (j) subject to the International Standby Practices "ISP 98" ICC Publication no. 590 ("ISP 98");
- (k) provide that notwithstanding ISP 98, in the event that the original of the letter of credit is lost, stolen, mutilated or destroyed, the Bank will agree to replace same upon written notice from Hydro One setting out the circumstances;
- (l) provides that matters not expressly covered by ISP 98, will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (m) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"Market Rules" means the rules made by the IESO under Section 32 of the *Electricity Act, 1998*.

"Meter Service Provider" means a person that provides, installs, commissions, registers, maintains, repairs, replaces, inspects and tests metering installations.

"Material Revision Impact Assessment" means a revision to the Impact Assessment performed by Hydro One as a result of the Generator making material revisions to the design, planned equipment or plans for the Generation Facility after the execution of the Agreement.

"Mid-Sized Embedded Generation Facility" has the meaning given to it in the Code.

"Non-Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the scope of the Hydro One Connection Work as a result of any one or more of the following:

- (a) any changes or revisions to the Impact Assessment made after the execution of the Agreement;
- (b) any changes or revisions to the Customer Impact Assessment;
- (c) any changes or revisions to the System Impact Assessment;
- (d) environmental assessment(s);
- (e) the requirements set out in an approval received under Section 92 of the *Ontario Energy Board Act*;
- (f) any requirements identified by the IESO in respect of any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system;
- (g) any changes to any Required Enhancement(s);
- (h) any change to any requirements identified by the Host Distributor in respect of the Upstream Host Distributor Work; and
- (i) changes made to the TIR.

"Ownership Demarcation Point" has the meaning given to it in the Code.

"Point of Common Coupling" or "PCC" or "Point of Supply" means the point where the Generator's Facilities are to Connect to Hydro One's distribution system and is as specified in Schedule "C" of the Agreement.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the In Service Date, including, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Required Enhancement" means collectively, any Enhancement, Renewable Enabling Improvement or any Enabler Facility that needs to be completed and in service in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system irrespective of whether the cost of any of this work is part of the Allocated Cost of Connection.

"Required Connection Work" means collectively, the Hydro One Connection Work, any Required Enhancement and any Upstream Host Distributor Work.

"Renewable Enabling Improvement" has the meaning given to it in the Code and is limited to those items listed in Section 3.3.2 of the Code.

"Renewable Energy Expansion Cost Cap" has the meaning given to it in the Code.

"Renewable Energy Generation Facility" has the meaning given to it in the Act.

"Renewable Energy Source" has the meaning given to it in the Act.

"Small Embedded Generation Facility" has the meaning given to it in the Code.

"Surety Bond Requirements" means a surety bond that meets all of the following minimum requirements:

- (a) is in a form that is satisfactory, to Hydro One;
- (b) surety must be Canadian;
- (c) surety must be financially acceptable to Hydro One must have at, a minimum, a long-term credit rating of "A" from a bond-rating agency acceptable to Hydro One;
- (d) has an expiry date that is acceptable to Hydro One;
- (e) provides that fees, charges and commissions associated with the surety bond, including drawings therefrom, are payable by the Generator;
- (f) permit partial drawings and multiple presentations;
- (g) provide that drawings will be paid without the surety enquiring whether Hydro One has a right as between itself and the Generator to make such demand, and without recognizing any claim of the said Generator;
- (h) only requirement to be met in order to draw on the surety bond is that Hydro One present a certificate certifying that the amount demanded is payable to Hydro One by the Generator pursuant to the terms of the Connection Cost Agreement dated *insert date*,

20__, as it may be amended by the Generator and Hydro One from time to time;

- (i) will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (j) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"System Impact Assessment" or "SIA" means the system impact assessment performed by the IESO in respect of connections that the IESO's connection assessment and approvals process requires a system impact assessment which includes without limitation, the connection of a Large Embedded Generation Facility.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"TIR" means Hydro One's Distributed Generation Technical Interconnection Requirements: Interconnections at Voltages 50kV and Below", as amended from time to time, which is available on Hydro One's website.

"Transfer Price" means the lower of the cost to the Generator to construct the Work Eligible for Alternative Bid or the amount set out in the Initial Offer to Connect attached to the Agreement as Schedule "D" for Hydro One to perform the Work Eligible for Alternative Bid.

"Transmission System Code" means the code of standards and requirements issued by the OEB on July 25, 2005, as it may be amended, revised or replaced in whole or in part from time to time.

"Upstream Costs" means the Actual Cost of any Upstream Transmission Work allocated in accordance with the requirements of the *Transmission System Code* and the Actual Cost of any Upstream Host Distributor Work allocated in accordance with the requirements of the *Distribution System Code*.

"Upstream Transmission Rebates" means refunds payable to any initial contributors in respect of work previously or currently being performed on Hydro One's transmission system at the expense of initial contributor(s) where such work benefits future customers that connect to Hydro One's distribution system within five years of the in service date of that work., which may include the Generator. The amount of any Upstream Transmission Rebates payable are determined by Hydro One considering such factors as the relative name-plated capacities of the initial contributor(s) and the future connecting customer(s).

"Upstream Transmission Work" means any work required to be performed on Hydro One's transmission system in order for Hydro One to Connect the Generation Facility to Hydro One's distribution system, including the work described in Part B of Schedule "A", attached to the Agreement.

"Work Eligible for Alternative Bid" means the Expansion work identified in the Initial Offer to Connect attached to the

Agreement as Schedule "D" as work for which the Generator may obtain an alternative bid.

Incorporation of Code and Application of Conditions of Service

2.1 The Code, as it may be amended from time to time, is hereby incorporated in its entirety by reference into, and forms part of, the Agreement. Unless the context otherwise requires, all references to "the Agreement" include a reference to the Code.

2.2 Hydro One hereby agrees to be bound by and at all times to comply with the Code, and the Generator acknowledges and agrees that Hydro One is bound at all times to comply with the Code in addition to complying with the provisions of the Agreement.

2.3 In addition to the Agreement, the relationship between Hydro One and the Generator will be governed by Hydro One's Conditions of Service that are in effect at the relevant time. In the event of a conflict or an inconsistency between a provision of the Agreement and a provision of Hydro One's Conditions of Service, the provision of the Agreement shall govern.

2.4 In the event of a conflict or an inconsistency between a provision of the Code or the Agreement, the provision of the Code shall govern. The fact that a condition, right, obligation or other term appears in the Agreement but not in the Code shall not be interpreted as, or deemed grounds for finding of a conflict or inconsistency.

Hydro One Connection Work

3. Hydro One shall perform the Hydro One Connection Work in a manner consistent with Good Utility Practice, in accordance with the Conditions of Service and the Code, and in compliance with all Applicable Laws.

4. Except as provided herein Hydro One makes no warranties, express or implied, and Hydro One disclaims any warranty implied by law, including implied warranties of merchantability or fitness for a particular purpose and implied warranties of custom or usage with respect to the Hydro One Connection Work, the Upstream Host Distributor Work and any Required Connection Work.

5. The Hydro One Connection Work, any Required Connection Work and Hydro One's rights and requirements in the Agreement are solely for the purpose of Hydro One ensuring that:

- (a) the safety, reliability and efficiency of the distribution system and the transmission system are not materially adversely affected by the Connection of the Generation Facility to the distribution system; and
- (b) Hydro One's distribution system and transmission system are adequately protected from potential damage or increased operating costs resulting from the Connection of the Generation Facility.

6. Hydro One shall use commercially reasonable efforts to complete the Hydro One Connection Work by the In-service Date as established in accordance with Section 2.3 of Schedule "C" provided that:

- (a) the Generator has completed the Generator Connection Work in accordance with the terms and conditions of the Agreement;
- (b) the Generator is in compliance with its obligations under the Agreement;
- (c) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One;
- (d) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws in order to perform all or any part of the Required Connection Work:
 - (i) environmental approvals, permits or certificates;
 - (ii) land use permits from the Crown; and
 - (iii) building permits and site plan approvals;
- (e) Hydro One does not have to use its employees, agents and contractors performing any of the Required Connection Work elsewhere on its transmission system or distribution system due to an Emergency or a Force Majeure Event;
- (f) where applicable, the Host Distributor is able to complete the Upstream Host Distributor Work by the date agreed by Hydro One and the Host Distributor in the agreement made between Hydro One and the Host Distributor with respect to such work;
- (g) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work or any Required Enhancement;
- (h) Hydro One is able, using commercially reasonable efforts, to obtain all necessary land rights on commercially reasonable terms prior to the dates upon which Hydro One needs to commence construction of all or any portion of the Required Connection Work;
- (i) where applicable, Hydro One has accepted the metering installation, metering location and transformer loss calculation submitted by the Generator's Meter Service Provider;
- (j) Hydro One is able to obtain the materials required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
- (k) the scope of the Hydro One Connection Work, any Required Enhancement or any Upstream Host Distributor Work does not change substantially for any reason after the execution of the Agreement, including, as a result of the requirements of or matters raised in any System Impact Assessment (including

any revisions), Customer Impact Assessment (including any revisions thereto) the Impact Assessment (including any revisions such as a Material Revision Impact Assessment);

- (l) the Generator has delivered to Hydro One, any applicable written authorization(s) of the Electrical Safety Authority required for Hydro One to make the temporary and any subsequent Connections; and
- (m) there are no delays resulting from the non-completion of any work that needs to be performed on Hydro One's distribution system or transmission system (including, but not limited to, work being performed for a third party connecting a generation facility to Hydro One's distribution system or transmission system) for any reason whatsoever where such work needs to be completed in order for Hydro One to connect the Generation Facility.

The Generator acknowledges and agrees that the In-service Date may be materially affected by difficulties faced by Hydro One in obtaining or the inability of Hydro One to obtain all necessary land rights and/or environmental approvals, permits or certificates and where applicable, any approvals required for under Section 92 of the Act for any part of the Required Connection Work.

7. Once the Generator informs Hydro One that it has received all necessary approvals, provides Hydro One with a copy of the authorization to Connect from the ESA and enters into a Connection Agreement, Hydro One shall act promptly to Connect the Generation Facility to Hydro One's distribution system. Subject to delays in commissioning and testing of the Generation Facility which are beyond the control of Hydro One, Hydro One shall Connect a Small Embedded Generation Facility within the timelines prescribed in Subsection 6.2.21 of the Code.

8. The Generator acknowledges and agrees that where there is a Material Revision to An Impact Assessment and that Material Revision to An Impact Assessment:

- (a) differs in a material respect from the then-current Impact Assessment, that Part V of the Agreement applies; and
- (b) even though it does not differ in a material respect from the then-current Impact Assessment, may result in the scope of the Hydro One Connection Work required to be performed on Hydro One's distribution system and/or any work to be performed on Hydro One's transmission system in order for the Generation Facility to Connect to Hydro One's distribution system to change substantially which could affect the In-service Date and/or the Actual Cost of the Hydro One Connection Work actually required to be performed by Hydro One in order for the Generation Facility to Connect to Hydro One's distribution system.

9. Upon completion of the Hydro One Connection Work, Hydro One shall own, operate and maintain all equipment referred to in Part 2.5 of Schedule "C". Where applicable, the Host Distributor will own, operate and

maintain all equipment installed or upgraded as part of the Upstream Host Distributor Work.

Generator's Obligations - Connection

10. Except as specifically provided herein, the Generator is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws for the construction, Connection and operation of the Generator's Facilities including, the approval(s) of the Electrical Safety Authority. The Generator shall provide copies of such permits, certificates, reviews and approvals to Hydro One upon Hydro One's request.

11. The Generator shall ensure that the Generator's Facilities:

- (a) meet all applicable requirements of the ESA;
- (b) conform to all applicable industry standards including, those of the Canadian Standards Association ("CSA"), the Institute of Electrical and Electronic Engineers, the American National Standards Institute and the International Electrotechnical Commission;
- (c) are installed and constructed in accordance with the Agreement (including the requirements set out in Schedule "B" of the Agreement), Hydro One's Offer to Connect, the requirements of the ESA, all applicable reliability standards and Good Utility Practice;
- (d) other than as specifically permitted in Part III of the Agreement, comply with the requirements described in the TIR, including any additions, modifications or changes to the TIR that are made before the In-service Date; and
- (e) meet the technical requirements specified in Appendix F.2 of the Code.

12. The Generator acknowledges and agrees that:

- (a) it shall install its own meter in accordance with Hydro One's metering requirements preferably at the Point of Supply with adequate time to allow commissioning for the metering prior to energization of the Generation Facility and provide Hydro One with the technical details of the metering installation;
- (b) Hydro One has the right to witness the commissioning and testing of the Connection of the Generation Facility to Hydro One's distribution system;
- (c) the Generator shall retain the services of a professional engineer(s) appropriately licensed in Ontario to design and commission the electrical and protection facilities that may impact Hydro One's distribution system, Hydro One's transmission system and where applicable, the distribution system of a Host Distributor; and
- (d) the Generator's submissions to Hydro One shall be signed and stamped by a professional engineer appropriately licensed in the province of Ontario.

13. The Generator shall provide Hydro One with copies of the "as built" documentation specified in Schedule "B", acceptable to Hydro One, by no later than 30 days after the execution of the Connection Agreement and the Generator shall ensure that Hydro One may retain this information for Hydro One's ongoing planning, system design, and operating review; and, it shall maintain and revise the documentation to reflect changes to the Generator's Facilities and provide copies to Hydro One on demand or as specified in the Connection Agreement.

Access

14.1 The Generator shall permit and, if the land on which the Generation Facility is located is not owned by Generator, cause such landowner to permit, Hydro One's employees and agents to enter the property on which the Generation Facility is located at any reasonable time. Such access shall be provided for the purposes of inspecting and/or testing the Generation Facility as and when permitted by the Agreement, the Code or Hydro One's Conditions of Service or as required to establish work protection, or to perform any of the Hydro One Connection work.

14.2 Notwithstanding subsection 21(a) below, where Hydro One causes damage to the Generator's property as part of this access, Hydro One shall pay to the Generator the Generator's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

14.3 Notwithstanding subsection 21(a) below, if the Generator has been given access to Hydro One's Property(ies), and if the Generator causes damage to Hydro One's Property(ies) as part of that access, the Generator shall pay Hydro One's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

Expansion - Alternative Bid Work Terms and Conditions:

15. Where the Generator has chosen to pursue an alternative bid in respect of an Expansion and uses the services of a qualified contractor for the Work Eligible for Alternative Bid:

(a) the Generator shall:

- (i) complete all of the Work Eligible for Alternative Bid;
- (ii) select and hire the construction;
- (iii) assume full responsibility for the construction of the Work Eligible for Alternative Bid;
- (iv) be responsible for administering the contract including, the acquisition of all required permissions, permits and easements;
- (v) ensure that the Work Eligible for Alternative Bid is performed in accordance with Hydro One's design and technical standards and specifications;

(b) Hydro One shall have inspected and have approved all aspects of the constructed facilities as part of a system

commissioning activity prior to the Connection of the Work Eligible for Alternative Bid to Hydro One's existing distribution system;

(c) the Generator shall be responsible for paying the Actual Cost of the following work to be performed by Hydro One:

- (i) the design of the Work Eligible for Alternative Bid;
- (ii) the engineering or installation of facilities required to complete the project;
- (iii) administration of the contract between the Generator and the contractor hired by the Generator if asked to do so by the Generator and Hydro One agrees, in writing, to do so; and
- (iv) inspection or approval of the work performed by the contractor hired by the Generator;

(d) by no later than fifteen (15) days prior to the date that the assets are to be transferred to Hydro One, the Generator shall provide Hydro One with a breakdown of the cost of the Work Eligible for Alternative Bid in a form acceptable to Hydro One, together with copies of all documents related to the Work Eligible for Alternative Bid including all invoices, purchase orders and fixed price contracts related to the design and construction of the Work Eligible for Alternative Bid and the procurement of equipment.

(e) the Generator shall represent and warrant to Hydro One on the date that the Work Eligible for Alternative Bid is transferred to Hydro One that:

- (i) the Work Eligible for Alternative Bid is free and clear of all mortgages, liens, demands, charges, pledges, adverse claims, rights, title, retention agreements, security interests, or other encumbrances of any nature and kind whatsoever;
- (ii) the Work Eligible for Alternative Bid is free and clear of any work orders, non-compliance orders, deficiency notices or other such notices relative to the Work Eligible for Alternative Bid Assets or any part thereof which have been issued by any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies;
- (iii) there are no matters under discussion with any regulatory authority, police or fire department, sanitation, environment, labour, health or other governmental authorities or agencies relating to work orders, non-compliance orders, deficiency notices or other such notices pertaining to all or any part of the Work Eligible for Alternative Bid;
- (iv) the Generator is the sole owner of the Work Eligible for Alternative Bid;
- (v) that the Work Eligible for Alternative Bid has been performed in accordance with Hydro One's design and technical standards and specifications; and
- (vi) all deficiencies identified by Hydro One have been remedied;

(f) the Generator agrees that the representations and warranties in (e) above shall survive the transfer, and the execution and delivery of any easements or other land rights, bills of sale, assignments or other

instruments of transfer of title to the Work Eligible for Alternative Bid and the payment of the transfer price; and

- (g) the Generator shall execute all documents necessary to evidence the transfer of the Work Eligible for Alternative Bid to Hydro One, including bills of sale or similar documents and legal, binding and registrable easements from all legal and beneficial owners of lands traversed by the Work Eligible for Alternative Bid and/or land use permits for Crown lands traversed by the Work Eligible for Alternative Bid, satisfactory to and in favour of Hydro One; and
- (h) the Generator understands and agrees that Hydro One will not assume and shall not be liable or responsible for any and all liabilities, debts or obligations and demands, direct or indirect, absolute or contingent, of the Generator, whether or not related to, attributable to or in any way connected with the Work Eligible for Alternative Bid. The Generator shall pay, satisfy, assume, discharge, observe, perform, fulfil, release, and indemnify and save harmless Hydro One and its successors, its directors, officers, employees, representatives and agents from and against such liabilities, debts and obligations and all costs, expenses, debts, demands, proceedings, suits, actions, losses or claims in connection therewith. This obligation shall survive the termination of the Agreement; and
- (i) Hydro One shall pay the Generator the Transfer Price on the transfer date. The Transfer Price shall be considered a cost to Hydro One for the purposes of the final Economic Evaluation to be performed by Hydro One.

Allocated Cost of Connection, Deposits and Cancellation/Termination Costs

16. The Generator shall pay Hydro One the Allocated Cost of Connection. Upon the execution of the Agreement by the Generator, the Generator shall provide Hydro One with:

- (a) the Connection Cost Deposit;
- (b) the Capacity Allocation Deposit if the Generator does not have an executed OPA contract for the Generation Facility; and
- (c) the Expansion Deposit, where applicable,

in the amounts specified in Section 1.3 of Schedule "C" which must be in the form of cash (by way of certified cheque), letter of credit or surety bond. Letters of credit must meet the Letter of Credit Minimum Requirements and surety bonds must meet the Surety Bond Minimum Requirements. Hydro One strongly encourages the Generator to pay the Connection Cost Deposit in cash so as to reduce interest during construction charges.

Where the Connection Cost Deposit is provided in cash, Hydro One shall have the right to use the Connection Cost Deposit as Hydro One incurs costs that are part of the Allocated Cost of Connection. Where the Connection Cost Deposit is provided in any form other than cash, Hydro One

may invoice the Generator from time to time for work performed that is part of the Allocated Cost of Connection and should the Generator fail to pay any invoice, Hydro One shall have the right to draw on the letter of credit or surety deposit, as the case may be. If the Generator pays the invoice(s) in full, Hydro One may lower the amount secured by the letter of credit or surety deposit, as the case may be, by an amount not to exceed the amounts of the invoices so paid so long as the letter of credit or surety deposit permits Hydro One to do so, from time to time on written notice to the Bank with no penalty, banking charges and commissions being payable by Hydro One.

In the event that Hydro One determines from time to time, acting reasonably, that the Connection Cost Deposit specified in Section 1.3 of Schedule "C" is inadequate based on Hydro One's forecast that the Allocated Cost of Connection will exceed the Estimated Allocated Cost of Connection by 20% or more, Hydro One shall have the right to require the Generator to increase the Connection Cost Deposit from time to time in an amount equal to the forecasted deficiency. In such an event, Hydro One shall provide the Generator with written notice of same and the Generator shall have 14 days from the date of the notice to increase the Connection Cost Deposit. This will also assist in reducing interest during construction charges.

If the Generation Facility is not connected to Hydro One's distribution system fifteen (15) calendar months following the execution of the Agreement and the Generator does not have an executed OPA contract which includes a requirement for security deposits or similar payments, the Generator shall pay Hydro One an Additional Capacity Allocation Deposit by no later than the first day of the sixteenth (16th) calendar month following the execution of the Agreement.

Should a letter of credit or surety bond be set to expire before the Generator has been invoiced for and/or paid the Allocated Cost of Connection, Hydro One shall have the right to draw upon same not earlier than 30 days prior to the expiry of the letter of credit or surety bond and shall treat the amount drawn as a cash deposit.

Hydro One will return any Expansion Deposit in accordance with the requirements of Section 3.2.23 of the Code (and Section 3.2.26 of the Code where the Expansion Deposit is in the form of cash) subject to Hydro One's rights to retain and use the Expansion Deposit in accordance with Sections 3.2.22 and 3.2.24 of the Code. Subject to Part V of the Agreement, Hydro One will return the Capacity Allocation Deposit and any Additional Capacity Allocation Deposit (with interest if any such deposit(s) are in the form of cash) by no later than 30 calendar days following the In-service Date.

Hydro One shall use reasonable commercial efforts to provide the Generator with a final invoice or credit memorandum within 180 days following the later of: (i) the In-Service Date; and (b) the date that Hydro One fully performs all of the Hydro One Connection Work, including, but not limited to those portions of the Hydro One Connection Work that may be completed following the In-Service Date. The final invoice or credit memorandum shall

indicate whether the Connection Cost Deposit exceeds or is less than Allocated Cost of Connection (plus applicable Taxes). Any difference shall be paid within 30 days after the rendering of the said final invoice or credit memorandum by Hydro One to the Generator. If the Connection Cost Deposit exceeds the Allocated Cost of Connection, Hydro One shall pay interest on the amount by which the Connection Cost Deposit exceeded the Allocated Cost of Connection where the Connection Cost Deposit was provided in the form of cash).

In addition to the final invoice or credit memorandum, Hydro One shall also provide the Generator with the Allocated Cost of Connection Statement in the form attached to the Agreement as Schedule "E".

17. Future customers that benefit from any part of the Upstream Transmission Work who connect to Hydro One's distribution system within five years of the in service date of that part of the Upstream Transmission Work will be required to pay an Upstream Transmission Rebate. Any Upstream Transmission Rebate collected by Hydro One in respect of any part of the Upstream Transmission Work will be paid to the Generator as a refund following the connection of any such future customer(s). The Generator acknowledges and agrees that should any such future customer(s) challenge the requirement to pay an Upstream Transmission Rebate and should the OEB agree that such future customer(s) should not have had to make such payment, that the Generator will refund to Hydro One any Upstream Transmission Rebate(s) that the Generator received from Hydro One. THIS OBLIGATION SHALL SURVIVE THE TERMINATION OF THE AGREEMENT.

18. Hydro One shall refund to the Generator or the Generator shall pay to Hydro One any amount, which the OEB subsequently determines should not have been allocated to the Generator or should have been allocated to the Generator by Hydro One but were not, as the case may be, or should have been allocated in a manner different from that allocated by Hydro One in the Agreement.

19. Hydro One will obtain the Generator's approval prior to Hydro One authorizing the purchase of materials or the performance of work that will attract Premium Costs if the total of the Premium Costs exceed \$10,000.00. Premium Costs are in addition to the costs payable by the Generator pursuant to Section 16 hereof. The Generator acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One will not be liable to the Generator as a result thereof. The Generator shall pay any prior-approved Premium Costs within 30 days after the date of Hydro One's invoice.

20. If the Connection is cancelled, or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Generator shall pay the Cancellation/Termination Costs. Hydro One will apply the Connection Cost Deposit and where applicable, the Expansion Deposit, against the Cancellation/ Termination Costs. In the event that the Connection Cost Deposit and where applicable, the Expansion Deposit:

(a) exceeds the Cancellation/Termination Costs, the unspent Connection Cost Deposit and where

applicable, the Expansion Deposit will be returned to the Generator by no later than 180 days after the date that the Connection is cancelled or the Agreement is terminated; and

(b) is less than Cancellation/Termination Costs, the Generator shall pay Hydro One the difference within 30 days after the date of Hydro One's invoice.

21. In the event that the Generator sells, leases or otherwise transfers or disposes of all or part of the Generator's Facilities to a third party during the term of the Agreement, the Generator shall cause the purchaser, lessee or other third party to whom the Generator's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Generator's rights and obligations in the Agreement; and notwithstanding such assumption agreement, the Generator shall remain obligated to pay the amounts thereafter payable pursuant to Sections 16, 17, 18, 19 and 20 hereof by the purchaser, lessee or other third party in the case of a transfer or disposition.

Liability and Force Majeure

22.(a) The liability provisions of section 2.2 of the Code apply to the Agreement and are hereby incorporated by reference into, and forms part of, the Agreement *mutatis mutandis*.

(b) The parties agree that the aggregate liability of Hydro One under the Agreement and in particular under Subsection 21(a) above, shall at no time exceed the Allocated Cost of Connection.

(c) A party shall have a duty to mitigate any losses relating to any claim for indemnification from the other party that may be made in relation to that other party. Nothing in this section shall require the mitigating party to mitigate or alleviate the effects of any strike, lockout, restrictive work practice or other labour dispute.

(d) A party shall give prompt notice to the other party of any claim with respect to which indemnification is being or may be sought under the Agreement.

23. The liability provisions set out in Section 21 above shall not apply to damages to Hydro One's distribution system or increased operating costs resulting from the Connection of the Generation Facility to Hydro One's distribution system. The Generator shall reimburse Hydro One for same in accordance with the invoices rendered by Hydro One for same.

24. The force majeure provisions of section 2.3 of the Code apply to the Agreement and are hereby incorporated by reference into, and form part of, the Agreement *mutatis mutandis*.

25. Sections 22, 23 and 24 above shall survive the termination of the Agreement.

Waiver

26. A waiver of any default, breach or non-compliance under the Agreement is not effective unless in writing and

signed by the party to be bound by the waiver. The waiver by a party of any Event of Default, breach or non-compliance under the Agreement shall not operate as a waiver of that party's rights under the Agreement in respect of any continuing or subsequent Event of Default, breach or non-compliance, whether of the same or any other nature.

Amendment

27. Any amendment to the Agreement shall be made in writing and duly executed by both parties.

Exchange and Confidentiality of Information

28. Section 20 of the form of Connection Agreement for a Small Embedded Generation Facility or a Mid-Sized Embedded Generation Facility set out in Appendix E of the Code is hereby incorporated by reference into, and forms part of the Agreement *mutatis mutandis*.

Interpretation

29. Unless otherwise specified, references in the Agreement to Sections or Schedules are to sections, articles and Schedules of the Agreement. Any reference in the Agreement to any statute, regulation, any OEB-approved documents or any section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation, document or section as amended, restated or re-enacted from time to time. The insertion of headings is for convenience only, and shall not affect the interpretation of the Agreement. Unless the context requires otherwise, words importing the singular include the plural and vice versa. The words "including" or "includes" means including (or includes) without limitation.

Invoices and Interest

30. Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including amounts that are not invoiced but required under the terms of the Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

Assignment, Successors and Assigns, Lenders

31.(a) Except as set out in Section 31 below, the Generator shall not assign its rights or obligations under the Agreement in whole or in part without the prior written consent of Hydro One, which consent shall not be unreasonably withheld or unduly delayed. Hydro One may withhold its consent to any proposed assignment until the proposed assignee assumes, in writing, all of the Generator's obligations contained in the Agreement.

(b) Hydro One shall have the right to assign the Agreement in whole upon written notification to the Generator.

(c) The Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

31(a). The Generator may, without the written consent of Hydro One, assign by way of security only all or any

part of its rights or obligations under the Agreement to a Lender(s). The Generator shall promptly notify Hydro One, in writing, upon making such assignment.

(b) The Generator may disclose confidential information of Hydro One to a Lender or prospective Lender provided that the Generator has taken all precautions as may be reasonable and necessary to prevent unauthorized use or disclosure of Hydro One's confidential information by a Lender or prospective Lender.

(c) Where a notice of default has been served on the Generator under Part V of the Agreement, an agent or trustee for and on behalf of the Lender(s) ("Security Trustee") or a receiver appointed by the Security Trustee ("Receiver") shall upon notice to Hydro One be entitled (but not obligated) to exercise all of the rights and obligations of the Generator under the Agreement and shall be entitled to remedy the default specified in the notice of default within the cure period referred to in Part V. Hydro One shall accept performance of the Generator's obligations under the Agreement by the Security Trustee or Receiver in lieu of the Generator's performance of such obligations.

(d) the Lender will have no obligation or liability under the Agreement by reason of the assignment until such time as the Lender, the Security Trustee or the Receiver exercises any of the rights or obligations of the Generator under the Agreement.

(e) notwithstanding subsection (d) above, Hydro One agrees that the Lender will have no obligation or liability under the Agreement by reason of the assignment if the Lender exercises the obligation of the Generator under the Agreement to cure a default for failing to pay an amount(s) due and owing under the Agreement within the cure period provided for in the Agreement after written notice of such default is delivered to the Generator.

(f) The Generator shall be deemed to hold the provisions of this Section 31 that are for the benefit of Lender(s) in trust for such Lender(s) as third party beneficiary(ies) under the Agreement.

Survival:

32. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 16, 17, 18, 19 or 20 shall survive the termination of the Agreement.