



Electricity Transmission Licence

ET-2003-0035

Hydro One Networks Inc.

Valid Until

December 2, 2023

Original signed by

Lynne Anderson

Managing Director, Applications and Regulatory Audit

Ontario Energy Board

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	Table of Contents	Page No.
1	Definitions	1
2	Interpretation	2
3	Authorization	2
4	Obligation to Comply with Legislation, Regulations and Market Rules	2
5	Obligation to Comply with Codes	2
6	Requirement to Enter into an Operating Agreement	2
7	Obligation to Provide Non-discriminatory Access	3
8	Obligation to Connect.....	3
9	Obligation to Maintain System Integrity	3
10	Transmission Rates and Charges.....	3
11	Separation of Business Activities	4
12	Expansion of Transmission System.....	4
13	Provision of Information to the Board.....	4
14	Restrictions on Provision of Information	4
15	Term of Licence	5
16	Transfer of Licence	5
17	Amendment of Licence	5
18	Fees and Assessments.....	5
19	Expansion and Upgrading of Transmission System Further to Ministerial Directive	5
20	Communication	6

21	Copies of the Licence.....	7
SCHEDULE 1	SPECIFICATION OF TRANSMISSION FACILITIES.....	8
SCHEDULE 2	LIST OF CODE EXEMPTIONS	9
SCHEDULE 3	GENERATION RELATED CLAUSES SUPERSEDING THE CONNECTION.....	10
SCHEDULE 4	SPECIFIC NUCLEAR ARRANGEMENTS AND AREAS OF CLARIFICATION	23

1 Definitions

In this Licence:

“Accounting Procedures Handbook” means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“Act” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“Affiliate Relationships Code for Electricity Distributors and Transmitters” means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

“Board” means the Ontario Energy Board;

“Electricity Act” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“Licensee” means Hydro One Networks Inc.;

“Market Rules” means the rules made under section 32 of the Electricity Act;

“Performance Standards” means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

“Rate Order” means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

“small-scale renewable energy generation facility” means a renewable energy generation facility that is a “capacity allocation exempt small embedded generation facility” or a “micro-embedded generation facility” as those terms are defined in the Distribution System Code as it read on February 28, 2011;

“transmission services” means services related to the transmission of electricity and the services the Board has required transmitters to carry out for which a charge or rate has been established in the Rate Order;

“Transmission System Code” means the code approved by the Board and in effect at the relevant time, which, among other things, establishes the obligations of a transmitter with respect to the services and terms of service to be offered to customers and provides minimum technical operating standards of transmission systems;

“wholesaler” means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens. Where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence to own and operate a transmission system consisting of the facilities described in Schedule 1 of this Licence, including all associated transmission equipment.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the "Codes") approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the Licensee are set out in Schedule 2 of this Licence. The following Codes apply to this Licence:
- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters; and
 - b) the Transmission System Code.
- 5.2 The Licensee shall:
- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Requirement to Enter into an Operating Agreement

- 6.1 The Licensee shall enter into an agreement ("Operating Agreement") with the IESO providing for the direction by the IESO of the operation of the Licensee's transmission system. Following a request made by the IESO, the Licensee and the IESO shall enter into an Operating Agreement

within a period of 90 business days, unless extended with leave of the Board. The Operating Agreement shall be filed with the Board within ten (10) business days of its completion.

- 6.2 Where there is a dispute that cannot be resolved between the parties with respect to any of the terms and conditions of the Operating Agreement, the IESO or the Licensee may apply to the Board to determine the matter.

7 Obligation to Provide Non-discriminatory Access

- 7.1 The Licensee shall, upon the request of a consumer, generator, distributor or retailer, provide such consumer, generator, distributor or retailer, as the case may be, with access to the Licensee's transmission system and shall convey electricity on behalf of such consumer, generator, distributor or retailer in accordance with the terms of this Licence, the Transmission System Code and the Market Rules.

8 Obligation to Connect

- 8.1 If a request is made for connection to the Licensee's transmission system or for a change in the capacity of an existing connection, the Licensee shall respond to the request within 30 business days.
- 8.2 The Licensee shall process connection requests in accordance with published connection procedures and participate with the customer in the IESO's Connection Assessment and approval process in accordance with the Market Rules, its Rate Order(s) and the Transmission System Code.
- 8.3 An offer of connection shall be consistent with the terms of this Licence, the Rate Order, the Market Rules and the Transmission System Code, and Schedules 3 and 4 of this Licence.
- 8.4 An offer of connection shall be consistent with the terms of this Licence, the Market Rules, the Rate Order, and the Transmission System Code.
- 8.5 The terms of such offer to connect shall be fair and reasonable.
- 8.6 The Licensee shall not refuse to make an offer to connect unless it is permitted to do so by the Act or any Codes, standards or rules to which the Licensee is obligated to comply with as a condition of this Licence.

9 Obligation to Maintain System Integrity

- 9.1 The Licensee shall maintain its transmission system to the standards established in the Transmission System Code and Market Rules, and have regard to any other recognized industry operating or planning standards required by the Board.

10 Transmission Rates and Charges

- 10.1 The Licensee shall not charge for the connection of customers or the transmission of electricity except in accordance with the Licensee's Rate Order(s) as approved by the Board and the Transmission System Code

11 Separation of Business Activities

- 11.1 The Licensee shall keep financial records associated with transmitting electricity separate from its financial records associated with distributing electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

12 Expansion of Transmission System

- 12.1 The Licensee shall not construct, expand or reinforce an electricity transmission system or make an interconnection except in accordance with the Act and Regulations, the Transmission System Code and the Market Rules.
- 12.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its transmission system in accordance with Market Rules and the Transmission System Code, in such a manner as the Board may determine.
- 12.3 The Licensee shall use its best efforts to expand inter-tie capacity to neighbouring jurisdictions by approximately 2000 MW by May 1, 2005.
- 12.4 Paragraph 12.3 in no way limits the obligation on the Licensee to obtain all necessary approvals including leave of the Board under Section 92 of the Act, where such leave is required.
- 12.5 The Licensee shall provide information to the Board as soon as practicable following May 1, 2005 or at an earlier date in order that the Board may determine whether or not, as of the end of such 36 month period, the Licensee has used its best efforts to expand inter-tie capacity to neighbouring jurisdictions by approximately 2000 MW.

13 Provision of Information to the Board

- 13.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 13.2 Without limiting the generality of paragraph 13.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) business days past the date upon which such change occurs.

14 Restrictions on Provision of Information

- 14.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator, obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 14.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;

- b) for billing, settlement or market operations purposes;
- c) for law enforcement purposes; or
- d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.

14.3 Information regarding consumers, retailers, wholesalers or generators may be disclosed where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.

14.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.

14.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information is not be used for any other purpose except the purpose for which it was disclosed.

15 Term of Licence

15.1 This Licence shall take effect on December 3, 2003 and expire on December 2, 2023. The term of this Licence may be extended by the Board.

16 Transfer of Licence

16.1 In accordance with subsection 18(2) of the Act, this Licence is not transferable or assignable without leave of the Board.

17 Amendment of Licence

17.1 The Board may amend this Licence in accordance with section 74 of the Act or section 38 of the Electricity Act.

18 Fees and Assessments

18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Expansion and Upgrading of Transmission System Further to Ministerial Directive

19.1 The Licensee shall, for the purposes of accommodating the safe connection of renewable energy generation facilities, immediately following February 28, 2011 work in co-operation with the Ontario Power Authority to establish the scope and timing of the transmission projects referred to in paragraphs 19.2 and 19.3.

19.2 The Licensee shall develop and seek approvals for the following transmission projects, the scope and timing of which shall be in accordance with the recommendations of the Ontario Power Authority made in the course of the Ontario Power Authority's transmission planning activities conducted in accordance with its objects, as well as those identified in a Directive issued to the Ontario Power Authority by the Minister of Energy on February 17, 2011 under section 25.30 of the *Electricity Act, 1998*:

- a) upgrade one or more existing transmission lines west of the City of London; and

- b) a new transmission line west of the City of London.
- 19.3 The Licensee shall develop and implement the following transmission projects, the scope and timing of which shall be in accordance with the recommendations of the Ontario Power Authority made in the course of the Ontario Power Authority's transmission planning activities conducted in accordance with its objects, as well as those identified in a Directive issued to the Ontario Power Authority by the Minister of Energy on February 17, 2011 under section 25.30 of the *Electricity Act, 1998*:
- a) one or more devices to enhance transfer capability, such as series or static var compensation or other similar devices, in Southwestern Ontario; and
 - b) increase short circuit and/or transformer capacity at up to fifteen of the Licensee's transmission stations during the forty-eight month period beginning February 28, 2011, to enable the connection of small-scale renewable energy generation facilities.
- 19.4 Paragraph 19.3 in no way limits the obligation of the Licensee to obtain all necessary approvals for the transmission projects referred to in that paragraph.
- 19.5 Immediately following January 9, 2014 the Licensee shall, for the purposes of accommodating load due to forecast demand growth over the long term, promoting the use of clean and renewable energy sources from Ontario's supply mix, and enhancing opportunities for the development and connection of new renewable generation facilities over the long term, work in co-operation with the Ontario Power Authority to establish the scope and timing of the transmission project referred to in paragraph 19.6.
- 19.6 The Licensee shall develop and seek approvals for the expansion or reinforcement of a portion or portions of the Licensee's electricity transmission network in the area west of Thunder Bay (the "Northwest Bulk Transmission Line Project"). The scope and timing of the Northwest Bulk Transmission Line Project shall be in accordance with the recommendations of the Ontario Power Authority made in the course of the Ontario Power Authority's transmission planning activities conducted in accordance with its statutory mandate, objects and responsibilities under the *Electricity Act, 1998*, including with any transmission planning activities identified in any direction issued, or to be issued, by the Minister of Energy to the Ontario Power Authority pursuant to Part II.2 of the *Electricity Act, 1998*.

20 Communication

- 20.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.
- 20.2 All official communication relating to this Licence shall be in writing.
- 20.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;
 - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and

- c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

21 Copies of the Licence

21.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 SPECIFICATION OF TRANSMISSION FACILITIES

This Schedule specifies the facilities over which the Licensee is authorized to transmit electricity in accordance with paragraph 3 of this Licence.

1. The transmission system and facilities of Hydro One Networks Inc. are depicted in the attached diagram and include transmission lines, transformation stations and all associated facilities. Subject to section 13.2, Hydro One may alter this diagram from time to time and shall file it with the Board, upon receipt of which the updated diagram shall be deemed to be the specification of transmission facilities under this schedule.

SCHEDULE 2 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the licensee has been exempted.

1. The Licensee is exempted from subsection 2.1.1 of the Transmission System Code so as to allow the licensee to enter into a modified form of connection agreement with both Ontario Power Generation Inc. ("OPG") and Bruce Power L.P. ("Bruce Power").
2. The modifications to the connection agreement are attached as Schedules 3 and 4 to this Licence. Schedule 3 contains changes needed to address legacy system configuration issues as well as operating concerns affecting all generating stations owned by OPG and Bruce Power. Schedule 4 contains changes needed to comply with the operational requirements of nuclear generating facilities, facilitate compliance with Power Reactor Operating Licences, issued by the Canadian Nuclear Safety Commission ("CNSC").

SCHEDULE 3
GENERATION RELATED CLAUSES SUPERSEDING THE CONNECTION
AGREEMENT AND SCHEDULES

The purpose of this addendum is to capture generation related amendments that have been agreed to by the parties. In any circumstance where there is an inconsistency between the terms of the Connection Agreement and the terms of this Addendum, the terms of this Addendum shall prevail.

Insofar as this Agreement differs from the standard Transmission Connection Agreement issued by the OEB, this Agreement is subject to the approval of the Ontario Energy Board ("OEB"); and to the extent, if any, that the OEB fails to give such approval:

- (a) this Agreement shall be amended as determined by the OEB; or
- (b) if the OEB fails to give such approval but does not itself amend this Agreement, the parties shall amend this Agreement pursuant to the directions of the OEB, and the revised amendments shall be subject to the approval of the OEB.

Amendments to the Main Agreement

RECITAL

In accordance with its licence and the Market Rules, the Transmitter has agreed to offer, and the Customer has agreed to accept Connection Service, on the terms and conditions of this Agreement.

Replace by:

In accordance with its licence and the Market Rules, the Transmitter has agreed to offer, and the Customer has agreed to accept, in respect of those facilities defined in Schedule A, Connection Service, on the terms and conditions of this Agreement.

1 DEFINITIONS

1.14 "non-financial Default" means the following:

1.14.1. any breach of a term or condition of the Code or the Connection Agreement other than a financial default unless the breach occurs as a direct result of an emergency;

1.14.2. a licensed Party's ceasing to hold a licence; and

1.14.3. ...an Insolvency Event.

Replace by:

1.14 "non-financial Default" means the following:

1.14.1. any breach of a term or condition of the Code or the Connection Agreement other than a financial default unless the breach occurs as a direct result of an emergency; or

1.14.2. a licensed Party's ceasing to hold a licence; or

1.14.3. an Insolvency Event.

5 EQUIPMENT STANDARDS

5.1 The Transmitter and the Customer shall ensure that their respective new or altered equipment connected to the transmission system: (1) meets requirements of the Ontario Electrical Safety Authority; (2) conform to relevant industry standards including, but not limited to, CSA International, the Institute of Electrical and Electronic Engineers (IEEE), the American National Standards Association (ANSI), and the International Electrotechnical Commission (IEC); (3) conforms to good utility practices.

Replace by:

The Transmitter and the Customer shall ensure that their respective new or altered equipment connected to the transmission system: (1) meets requirements of the Ontario Electrical Safety Authority unless otherwise exempted; (2) conforms to relevant industry standards including, but not limited to, CSA International, the Institute of Electrical and Electronic Engineers (IEEE), the American National Standards Association (ANSI), and the International Electrotechnical Commission (IEC); (3) conforms to good utility practices.

5.2 The minimum general performance standards for all equipment connected to the transmission system are set out in Appendix 2 of the Code. The Transmitter shall provide the technical parameters to assist the Customer to ensure that the design of the Customer's equipment connected to the transmission system shall coordinate with the transmission system to achieve compliance with the Code and this Agreement.

Replace by:

The minimum general performance standards for all equipment connected to the transmission system are set out in Appendix 2 of the Code. The Transmitter shall provide the technical parameters to assist the Customer to ensure that the design of the Customer's equipment connected to the transmission system shall coordinate with the transmission system to achieve compliance with the Code and this Agreement. Responsibility for costs of any upgrade of the Customer's equipment deemed compliant under section 2.6.2 of the Transmission Code will be determined by the OEB.

6 OPERATIONAL STANDARDS AND REPORTING PROTOCOL

- 6.2 The Transmitter shall specify the fault levels at all connection points, including the Customer's connection points, as required by the Market Rules, which shall be recorded in Schedule D to this Agreement.

Replace by:

The Transmitter shall specify the fault levels (and the assumptions behind those levels) at all connection points, including the Customer's connection points, as required by the Market Rules, which shall be recorded in Schedule D to this Agreement.

- 6.5 The Customer shall provide prompt notice to the Transmitter in accordance with the Code or as agreed in Schedule D to this Agreement before disconnecting its equipment from the transmission system.

Replace by:

Where practical, the Customer shall provide prompt notice to the Transmitter in accordance with the Code or as agreed in Schedule D to this Agreement before disconnecting its equipment from the transmission system.

7 Involuntary Disconnection

- 7.2.1.6 if the Customer is a defaulting Party; or

Replace by:

if the Customer is a defaulting Party, however when the issue of default has been disputed by the Customer, no disconnection of a Customer may occur without a final resolution of the dispute, pursuant to section 13 of this Agreement; or

7.3 Disconnection-General

- 7.3.2 The Customer shall pay all costs that are directly attributable to an involuntary disconnection, and decommissioning of its facilities, including the cost of removing any of the Transmitter's equipment from the Customer's property and shall cooperate in establishing appropriate procedures for such decommissioning.

Replace by:

The Customer shall pay all costs that are directly attributable to an involuntary disconnection, and decommissioning of its facilities, including the cost of removing any of the Transmitter's equipment from the Customer's property and shall cooperate in establishing appropriate procedures for such decommissioning. The Transmitter will not require the removal of the protection and control wiring within the generating facility.

7.4 Reconnection After Involuntary Disconnection

- 7.4.2.3 The Customer has taken all necessary steps to prevent circumstances causing the disconnection from recurring and has delivered binding undertakings to the Transmitter that the circumstances leading to disconnection shall not recur; and

Replace by:

the Customer has taken all necessary steps to prevent circumstances causing the disconnection from recurring, has delivered on the binding decision to the Transmitter and has satisfied all requirements on it arising from any arbitrator's decision pursuant to section 13.11 that the circumstances leading to disconnection shall not recur; and

8 LIABILITY

- 8.3 Where the Customer uses the Transmitter's breakers as HV interruption devices or for synchronizing the generator to the transmission system, the Transmitter shall have no liability to the Customer, even where the Customer suffers damage as a result of the Transmitter's negligence or wilful misconduct, except as follows:

- a) if damage occurs to the Customer's main output transformer ("MOT") due to the negligence or willful misconduct of the Transmitter, the liability of the Transmitter to the Customer shall be for the lesser of (i) the cost to repair the MOT and (ii) the cost to replace the MOT; and
- b) if damage occurs, due to the negligence or willful misconduct of the Transmitter, to the Customer's electrical equipment upstream of the MOT, but within the powerhouse, the liability of the Transmitter to the Customer shall be limited to 45% of the damage attributable to the said negligence or willful misconduct.

Notwithstanding a) and b) above, the Parties agree that the Transmitter's liability for a) and b) above shall not exceed \$25 million per event of negligence or willful misconduct, recognizing that one such event may cause damage under both a) and b).

The Customer agrees that it shall, within five years of the commencement date of this Agreement, conduct and complete studies concerning the installation of its own breakers for HV interruption and for synchronizing the generator to the transmission system. The Customer and Transmitter will meet to review these studies and to discuss whether installation of the additional breakers by the Customer is warranted. The Parties will advise the OEB of the results of these discussions. The Parties agree that, after advising the OEB, the responsibility for any incremental costs incurred by the Transmitter as a result of the Customer not having its own breakers at these stations shall be as determined by the OEB.

Where these breakers are installed and the Customer no longer uses the Transmitter's breakers as HV interruption devices or for synchronizing this liability limitation will no longer be applicable.

The facilities covered by this clause are Bruce "A", Pickering "A" & "B", Lakeview, and Abitibi during normal operation, and Bruce "B" (Units 5,7,8), and Darlington during by-pass/emergency operation.

Include the above

9 REPRESENTATIONS AND WARRANTIES

- 9.1.1.3 that its facilities meet the technical requirements of the Code and this Agreement, excluding equipments that are deemed compliant under section 2.6 of the Code which is listed in Schedule J of this Agreement; and

Replace by:

- 9.1.1.3 that its facilities meet the technical requirements of the Code and this Agreement, excluding equipment that is deemed compliant under section 2.6 of the Code which is listed in Schedule J of this Agreement; and

10 REQUIREMENTS FOR OPERATIONS AND MAINTENANCE

- 10.4.1 Each Party shall specify its controlling authority in accordance with the operations schedule attached to this Agreement.

Replace by:

Each Party shall specify its Controlling Authority in accordance with the operations schedule attached to this Agreement.

- 10.4.2 The Transmitter and the Customer shall comply with all requests by the other Party's controlling authority in accordance with this Agreement and the Code.

Replace by:

The Transmitter and the Customer shall comply with all requests by the other Party's Controlling Authority in accordance with this Agreement and the Code.

- 10.6.2 When the Parties have so agreed in writing, one Party may appoint an employee of the other as its designate for switching-purposes.

Replace by:

When the Parties have so agreed in writing, one Party may appoint an employee of the other as its designate for switching-purposes. Orders to operate, however, must originate from the Controlling Authority.

- 10.7.3 The Transmitter shall provide to the Customer the isolation and reconnection of the Customer's equipment at the Customer's request at no cost to the Customer, once per year, during normal business hours. The Customer shall pay the Transmitter's reasonable costs for isolating and reconnecting the Customer's equipment if the requested isolation and reconnection is for a time outside of normal business hours.

Replace by:

The Transmitter shall provide to the Customer the isolation and reconnection of the Customer's equipment at the Customer's request at no cost to the Customer, one time per generating unit per year, which can be aggregated across multi-unit stations during normal business hours. The Customer shall pay the Transmitter's reasonable costs for isolating and reconnecting the Customer's equipment if the requested isolation and reconnection is for a time outside of normal business hours.

- 10.7.4 The Transmitter shall charge the Customer, and the Customer shall pay, the reasonable costs incurred by the Transmitter for isolating and reconnecting the Customer's equipment for any isolation and reconnection request in excess of one per year as specified in section 10.7.3 above.

Replace by:

The Transmitter shall charge the Customer, and the Customer shall pay, the reasonable costs incurred by the Transmitter for isolating and reconnecting the Customer's equipment for any isolation and reconnection request in excess of one time per generating unit per year, which can be aggregated across multi-unit stations as specified in section 10.7.3 above.

- 10.8.3 The Customer shall provide to the Transmitter the isolation and reconnection of the Transmitter's equipment at the Transmitter's request at no cost to the Transmitter, one time per generating unit per year, which can be aggregated across multi-unit stations, during normal business hours. The Transmitter shall pay the Customer's reasonable costs for isolating and reconnecting the Transmitter's equipment if the requested isolation and re-connection is for the time outside of normal business hours.

Include the above

- 10.8.4 The Customer shall charge the Transmitter, and the Transmitter shall pay, the reasonable cost incurred by the Customer for isolating and reconnecting the Transmitter's equipment for any isolation and reconnection request in excess of one time per generating unit per year, which can be aggregated across multi-unit stations as specified in section 10.8.3 above.

Include the above

10.13 Emergency Operations

Note that parts 10.13.3 to 10.13.8 do not apply to Generators.

Include the above

10.13.3 The Transmitter may be required from time to time to implement load shedding as outlined in this Agreement, Schedule D, section 7.

Exclude the above for Generators

10.13.4 The Customer shall identify the loads (and their controllable devices) to be included on the rotational load shedding schedules to achieve the required level of emergency preparedness.

Exclude the above for Generators

10.13.5 The Transmitter may review the rotational load-shedding schedule with the Customer annually or more often as required.

Exclude the above for Generators

10.13.6 The Customer shall comply with all requests by the Transmitter's controlling authority to shed load. Such requests shall be initiated to protect transmission system security and reliability in response to a request by the IMO.

Exclude the above for Generators

10.13.7 When the Transmitter's transmission facilities return to normal, the Transmitter's controlling authority shall notify the Customer's controlling authority to re-energize the Customer's facilities.

Exclude the above for Generators

10.13.8 The Transmitter may be required from time to time to interrupt supply to the Customer during an emergency to protect the stability, reliability, and integrity of its own facilities and equipment, or to maintain its equipment availability. The Transmitter shall advise the affected Customer as soon as possible/practical of the transmission system's emergency status and when to expect normal resumption and reconnection to the transmission system.

Exclude the above for Generators

15 COMPLIANCE, INSPECTION, TESTING AND MONITORING

- 15.1.5 When requested by the Transmitter, the Customer shall produce test certificates certifying that its facilities have passed the relevant tests and comply with all applicable Canadian standards before connection.

Replace by:

With respect to new, modified or replacement equipment to be connected to the transmission system, the Customer shall, when requested by the Transmitter, produce test certificates certifying that its facilities have passed the relevant tests and comply with all applicable Canadian standards before connection.

**18 TECHNICAL REQUIREMENTS FOR TAPPED TRANSFORMER STATIONS
SUPPLYING LOAD**

The Transmitter, the Customer, who is either a Distributor or a Consumer, shall follow the technical requirements set out in Schedule H of this Agreement.

Replace by:

Not applicable to Generators

23 INCORPORATION OF SCHEDULES

Schedule "M" - Amendment Agreement Template

Include the above:

28 ENTIRE AGREEMENT

This Agreement, together with the schedules attached hereto, constitutes the entire agreement between the Parties and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the matters dealt with herein.

Replace by:

This Agreement, together with the Addendum and schedules attached hereto, constitutes the entire agreement between the Parties and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the matters dealt with herein.

Amendments to Schedules “D”, “F”, “G”, “H”, and “I”

Schedule “D”

Section 8 – Clause 1

1. A Customer shall re-verify its station protections and control systems that can impact on the Transmitter’s transmission system. The maximum verification or re-verification interval is: four (4) years for most of the 115 kV transmission system elements including transformer stations and transmission lines, and certain 230 kV transmission system elements; and two (2) years for all other high voltage elements. The maintenance cycle can be site specific.

Replace by:

A Customer shall re-verify its station protections and control systems that can impact on the Transmitter transmission system. The verifications will generally be carried out during generation outages. Where this cannot be accommodated within the time periods required for NPCC reporting, an entry will be made in the “EXCEPTIONS TO THE MAINTENANCE CRITERIA FOR BULK SYSTEM PROTECTION”. The target date for the completion of the program will be indicated.

Schedule “F”

- 1.6.2 A Transmitter may require a Customer to install monitoring equipment to track the performance of its facilities, identify possible protection system problems, and provide measurements of power quality. As required, the monitoring equipment shall perform one or several of the following functions:

Replace by:

A Transmitter may require request a Customer to install monitoring equipment to track the performance of its facilities, identify possible protection system problems, and provide measurements of power quality. The responsibility for costs will be as determined by the OEB. As required, the monitoring equipment shall perform one or several of the following functions:

- 1.6.5 The Customer shall bear all costs, without limitation, of providing all required telemetry data, associated with its facilities to the Transmitter and providing all required connection inputs to the Transmitter's disturbance-monitoring equipment.

Replace by:

The Customer shall bear all costs, without limitation, of providing the same telemetry data required under the Market Rules, associated with its facilities to the Transmitter and providing all required connection inputs to the Transmitter's disturbance-monitoring equipment, except:

- Where the connection inputs to the Transmitter's disturbance-monitoring equipment are of mutual benefit to the Customer and the Transmitter in which circumstance the Customer and Transmitter shall share the cost of providing the data in proportion to the benefits received; or
- Where the connection inputs to the Transmitter's disturbance-monitoring equipment are required only for the transmitter's benefit in which case the transmitter shall pay all of the costs associated with providing the data.

- 1.8.1 The Transmitter may at its sole discretion specify the maintenance criteria and the maximum time intervals between verification cycles for those parts of Customers' facilities that may materially adversely affect the transmission system. The obligations for maintenance and performance re-verification shall be stipulated in the appropriate schedule to this Agreement.

Replace by:

The Transmitter, using Good Utility Practice, may specify the maintenance criteria and the maximum time intervals between verification cycles for those parts of Customers' facilities that may materially adversely affect the transmission system. The obligations for maintenance and performance re-verification shall be stipulated in the appropriate schedule to this Agreement.

- 1.8.5 To ensure that the Transmitter's representative can witness the relevant tests, the Customer shall submit the proposed test procedures and a test schedule to the Transmitter not less than ten business days before it proposes to carry out the test. Following receipt of the request, the Transmitter may delay for technical reasons the testing for as long as ten business days.

Replace by:

To ensure that the Transmitter's representative can witness the relevant tests, the Customer shall submit the proposed test procedures and a test schedule to the Transmitter not less than ten business days before it proposes to carry out the test. Following receipt of the request, the Transmitter may delay for technical reasons the testing for as long as ten business days. The Transmitter will use best efforts to make the required test date.

Schedule "G"

1.5 Autoreclosure and Manual Energization

- 1.5.2 Following a protection operation on a transmission line, the transmission breakers, located mainly in network switching and/or transformation stations, shall reclose after a certain time delay. The Generator shall provide a reliable means of disconnecting its equipment before this reclosure. The Generator is responsible for protecting its own equipment and the Transmitter is not liable for damage to the Generator's equipment. The Generator may request a means of supervising the transmission reclosure prior to the disconnection of its equipment e.g. changes in protection logic at one or both stations to reduce the risk of such events.

Replace by:

Following a protection operation on a transmission line, the transmission breakers, located mainly in network switching and/or transformation stations, shall autoreclose after a certain time delay. Where the Generator is directly connected to the transmission line, or for configurations where the Generator could be damaged by autoreclosure of the line, the Generator shall provide a reliable means of disconnecting its equipment before autoreclosure. The Generator is responsible for protecting its own equipment and the Transmitter is not liable for damage to the Generator's equipment except as stipulated in Section 8, Appendix 1 of this Code. The Generator may request a means of supervising the transmission autoreclosure prior to the disconnection of its equipment e.g. changes in protection logic at one or both stations to reduce the risk of such events. The criteria governing the use of reclosures are as set out in the Ontario Hydro "Policies, Principles, & Guidelines" document "C-3.4.1 (R1), Automatic Reclosure and Manual Energization on Bulk Electricity System Circuits," which was in effect as of April 1, 1999.

Schedule "H"

Technical Requirements for Tapped Transformer Stations Supplying Load:

- (a) Transmitter's Tapped Transformer Stations
- (b) Distributor's and Consumer's Tapped Transformer Stations

Exclude entire Schedule H

Schedule "I"

- 1.3.1 Customers shall perform routine verifications of protection systems on a scheduled basis as specified by the Transmitter in accordance with applicable reliability standards. The maximum verification interval is four years for most 115-kV elements, most transformer stations, and certain 230-kV elements and two years for all other high-voltage elements. All newly commissioned protection systems shall be verified within six months of the initial in-service date of the system.

Replace by:

Customers shall perform routine verifications of protection systems on a scheduled basis in accordance with applicable reliability standards. The maximum verification interval is four years for most 115-kV elements, most transformer stations, and certain 230-kV elements and two years for all other high-voltage elements. All newly commissioned protection systems shall be verified within six months of the initial in-service date of the system.

SCHEDULE 4
SPECIFIC NUCLEAR ARRANGEMENTS AND AREAS OF CLARIFICATION
Addendum Setting Out:

- (i) The Obligations of the Transmitter in Respect of the Provision of Class IV Power and
- (ii) the Rights and Obligations of the Parties in Respect of their Property Interests and Mutual Cooperation

Contents

- I. Purpose
- II. Principles Governing the Specific Nuclear Arrangements and Areas of Clarification
- III. Specific Terms

I. Purpose

The purpose of this addendum is to capture those requirements that the Transmitter must meet and adhere to in order for the Customer to be in conformance with its Power Reactor Operating Licence (PROL) and fulfill its obligations to the general public in maintaining the nuclear safety of the generating units. Meeting these requirements necessitates changes, in whole or in part, to a number of the sections of the standard Connection Agreement attached to the Ontario Energy Board's Transmission System Code. These changes are documented below in a format that identifies the existing section in the Connection Agreement and sets out the section that replaces it.

The provision of a continuous and reliable supply of Class IV power is an integral part of maintaining and ensuring reactor safety. In shutdown or lay-up conditions, the unit service loads must continue to be supplied to ensure nuclear safety. Loss or degradation of the electrical grid can be one of the most safety-significant events to occur at nuclear power plants. Such events have the potential to result in loss of main heat sink forcing the transfer to back-up heat sink, loss of output, automatic safety system actuation, and degraded containment functions.

II. Principles Governing the Specific Nuclear Arrangements and Areas of Clarification

- II.1 In any circumstance where there is an inconsistency between the terms of the Transmission System Code, the Connection Agreement and the terms of this Addendum, the terms of this Addendum shall prevail, except where contrary to applicable law.

- II.2 Good Utility Practice is not intended to be limited to optimum practices, or methods, or act to the exclusion of all others, but rather to include all practices, methods or acts generally accepted in North America including those in the nuclear sector as the Customer holds a PROL from the Canadian Nuclear Safety Commission ("CNSC") and the Transmitter is providing a Transmission Service and Off-Site Power service to the Customer.
- II.3 The Transmitter agrees to operate and maintain its transmission assets including the switchyards at the Customer's Facility in a manner which will meet the requirements of the Customer's PROL as reflected in this Addendum.
- II.4 This Agreement shall continue in effect until a mutually agreeable termination date not to exceed the date on which the PROL for the Customer's Facility is terminated, provided that;
 - II.4.1 the Customer has satisfied all CNSC requirements and commitments required to be satisfied in order to eliminate the need for a transmission connection to provide an Off-Site Power service under this Agreement, and
 - II.4.2 the Customer no longer holds any other nuclear related licence for the Customer's Facility which identifies a requirement for an Off Site-Power service.
- II.5 The Customer agrees to make timely application to the CNSC for authorization to terminate this Agreement when circumstances warrant.
- II.6 Notwithstanding all other provisions of the Transmission System Code, the Connection Agreement and this Addendum except for Subsection 10.13.1 of the Connection Agreement, the Transmitter shall not, under any circumstances disconnect the Customer's Off-Site Power service required to meet its obligations under its PROL, either during the term of this Agreement, or upon its termination unless such action is pursuant to a decision of applicable regulator authority(ies) or a court having jurisdiction or the mutual agreement of the Customer and the Transmitter.
- II.7 To the extent practicable, in the event of an Emergency as identified in Subsection 10.13.1 of the Connection Agreement that requires disconnection of the Customer's Facility from the Transmission System, or the Customer's Facility from the Off-Site Power services, the Transmitter shall give the Customer reasonable opportunity to shut down in a controlled manner such parts of the Customer's Facility as deemed appropriate by the Customer before the Transmitter disconnects the Customer's Facility from the Transmission System.
- II.8 In the event of an unplanned outage of the conveyance of Off-Site Power, the Transmitter will use best efforts to promptly restore that service.
- II.9 The Customer shall pay the additional incremental costs of the transmitter arising from any regulatory requirement from the CNSC coming into force after the execution of this Agreement;

- II.9.1 Until such time as these costs can be recovered in rates or elsewhere and that the work giving rise to the costs has not been carried out for the benefit of other parties or as a requirement placed on the Transmitter from other sources; and
- II.9.2 No additional costs are attributable to the provision of the Transmission connection in support of the conveyance of Off-Site Power at historical reliability levels.
- II.10 Except as identified in the Connection Agreement Subsection 10.13.1 or applicable laws, the Transmitter shall take no action to prevent the Customer from utilizing the Off-Site Power.

III Specific Terms

The following provides changes, deletions and additions to specific clauses that form part of the amendments to the main Connection agreement Agreement and the Schedules thereto, as agreed to by the Parties.

Amendments to the Connection Agreement

Incorporation of Procedures and Manuals by Reference

Numbers appearing within square brackets “[]” incorporate by reference the procedures or manuals so designated in Schedule Q.

Include the above

1. DEFINITIONS

1.19 Abbreviations

ANO Authorized Nuclear Operator

BES Bulk Electricity System

GRMC Generation Resource Management Center

NGS Nuclear Generating Station

OATIS Operating, Administrative and Trades Information System

OP&P'S Operating Policies and Principles

OPEX Operating Experience

P&SI Process and System Implementation (Passport)

RTU Remote Terminal Unit

SCR Station Condition Record

SE System Engineer

SLA Service Level Agreement

SNO Supervising Nuclear Operator

SPOC Single Point of Contact

Include the above

1.20 "Class IV Power" has the meaning ascribed thereto in part I of this Addendum B;

Include the above

1.21 "CNSC" means the Canadian Nuclear Safety Commission, or its successor;

Include the above

- 1.22 “Corrective Maintenance” Consists of actions that restore, by repair, overhaul, or replacement, the capability of a failed system, structure, or component to perform its design function within acceptable criteria;

Include the above

- 1.23 “Customer Facility” means the facilities defined in Schedule A of this Agreement;

Include the above

- 1.24 “Design Authority” means the organization within each Party which has the authority to make final binding decisions and give approval regarding design requirements, design assurance, and design output for existing, new, and modified facilities, structures, systems, Equipment, and components, including material and software;

Include the above

- 1.25 “Equipment Ownership” means that authority which has design authority, maintenance responsibility and replacement responsibility for any particular piece of Equipment;

Include the above

- 1.26 “Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good utility practice is not intended to be limited to optimum practices, or methods, or act to the exclusion of all others, but rather to include all practices, methods or acts generally accepted in North America.

As it relates to nuclear safety, Good Utility Practice also includes those practices, methods or acts generally accepted in North America relating to the conveyance of Off-Site Power as the Customer holds a PROL from the CNSC and the Transmitter is providing Transmission Service and conveying Off-Site Power service to the Customer;

Include the above

- 1.27 “Modification” means any permanent or temporary addition, deletion or change to existing Equipment, systems or documentation;

Include the above

- 1.28 “Off-Site Power” means the electricity delivered conveyed by the Transmitter to the Customer’s Facility, generally through the Customer’s system service transformers, which enables the Customer to meet its obligations under its Power Reactor Operating LicenseLicence for the provision of a reliable supply of Class IV Power;

Include the above

- 1.29 “Open/Close Control” means an activity, authorized by the Controlling Authority, to change the position of a specific apparatus or device;

Include the above

- 1.30 “Part Substitution” means the installation of an item, which is not identical to the original item, and which does not alter the equipment or component design specifications of both the item and the applicable interfaces;

Include the above

- 1.31 “PASSPORT” means a suite of applications integrated into a central database capable of providing the required information infrastructure to enable business information to be shared in a (real-time) timely manner;

Include the above

- 1.32 “Power Reactor Operating Licence” or “PROL” means the licence issued to the Customer pursuant to the Atomic Energy Control Act or its successor, the Nuclear Safety Control Act, for the operation of a nuclear installation in Canada;

Include the above

- 1.33 “Predefines” means identified work of a recurrent nature;

Include the above

- 1.34 “Predictive Maintenance” consists of the actions necessary to monitor, find trends, and analyze parameter, property, and performance characteristics or signatures associated with a piece of Equipment that indicate the Equipment may be approaching a state in which it may no longer be capable of performing its intended function;

Include the above

- 1.35 “Preventive Maintenance” consists of all those systematically planned and scheduled actions, including predictive or planned maintenance, performed for the purpose of preventing Equipment failure;

Include the above

- 1.36 Protected Area” means the area enclosed by station security fences with the entry and exit points controlled by the Customer’s security personnel. Personnel entering the protected area must have Security Clearance [11] or be sponsored and escorted by a Customer site employee who has Security Clearance;

Include the above

- 1.37 “Scheduled Outage” means a planned removal from service of Equipment that has been coordinated in advance with a mutually agreed start date and duration and is required for the purposes of inspection, testing, Preventive Maintenance or Corrective Maintenance;

Include the above

- 1.38 “Single Point of Contact” or “SPOC” means the individuals designated in Schedule D with overall work approving authority for a given facility whose function is (i) immediate review of identified needs for approval, (ii) verification of incoming needs for duplication, completeness, and validity, (iii) prioritization of work into major categories, (iv) recognition of potential system impairments, (v) encouragement of effective use of resources across the facility and approval of work-needs in accordance with the approved divisional work programs, (vi) to act as a representative of the facility and be an integral part of the work control, or (vii) participation in the final decision for resolution of issues [4];

Include the above

- 1.39 “Terminal Point” means a device that serves as a division point between Equipment under the control of any two authorities. Operation of a Terminal Point requires the approval of both Controlling Authorities;

Include the above

2. PURPOSE OF AGREEMENT

This Agreement sets out the terms and conditions upon which the Transmitter has agreed to offer, and the Customer has agreed to accept Connection Service.

Replace by:

This Agreement sets out the terms and conditions upon which the Transmitter has agreed to offer, and the Customer has agreed to accept connection service.

The Power Reactor Operating Licence held by the Customer requires that the switchyards at Customer's Facility meet a certain standard of reliability as a whole and at the level of the individual components. It also requires that switchyard operating procedures and maintenance practices meet certain prescribed standards. The Transmitter agrees to operate and maintain its transmission assets including the switchyards at the Customer's Facility in a manner which will meet the requirements of the Customer's PROL as reflected in this Agreement.

3. TRANSMISSION SYSTEM CODE

The Transmission System Code (the “Code”) and this Agreement establish minimum testing, operational and maintenance standards for the Transmitter and the Customer. The Parties hereto hereby agree to be bound by, and to act at all times in accordance with the Code which is hereby incorporated in its entirety by reference into, and which hereby forms part of this Agreement.

Replace by:

The Transmission System Code (the “Code”) and this Agreement establish minimum testing, operational and maintenance standards for the Transmitter and the Customer. The Parties hereto hereby agree to be bound by, and to act at all times in accordance with the Code which is hereby incorporated in its entirety by reference into, and which hereby forms part of this Agreement except insofar as it is inconsistent with the terms of this Agreement. In any circumstance where there is an inconsistency between the terms of the Code and requirements of the Customer's PROL, the requirements of the PROL shall prevail.

5. EQUIPMENT STANDARDS

- 5.3 The Transmitter and the Customer shall fully cooperate to ensure that modelling data required by the Code and this Agreement for the planning, design and operations of connections are complete and accurate, and the Transmitter shall order required tests where there are grounds to question the validity of such data. This includes, but is not limited to, the Information in Appendix 1, Schedule E, Parts (A) to (E), where applicable.

Replace by:

- 5.3 The Transmitter and the Customer shall fully cooperate to ensure that modelling data required by the Code and this Agreement for the planning, design and operations of connections are complete and accurate, and the Transmitter shall order required tests where there are reasonable grounds to question the validity of such data. This includes, but is not limited to, the information in Appendix 1, Schedule E, Parts (A) to (E), where applicable. Any such tests must be conducted in a manner consistent with the Customer's obligations under its Power Reactor Operating Licence.

6. OPERATIONAL STANDARDS AND REPORTING PROTOCOL

- 6.8 Upon learning of any changes that can affect the reliability of the Customer's facilities, the Transmitter shall promptly submit a written report to the Customer describing any and all changes, including, without limitation, changes to the Transmitter's facilities, equipment, and associated protective relaying or protective relaying settings, or any other changes of any kind whatsoever that might affect the reliability of that Customer's facilities.

Replace by:

Upon learning of, or before implementing any changes that may affect the reliability of the Transmitter's facilities, and in particular, the reliability of the conveyance of the Customer's Off-Site Power and its ability to meet its obligations under its Power Reactor Operating Licence, the Transmitter shall promptly submit a written report to the Customer describing any and all such proposed changes, including, without limitation, proposed changes to the Transmitter's facilities, Equipment, and associated protective relaying or protective relaying settings, or any other changes of any kind whatsoever that might affect the reliability of that Customer's facilities. The Customer shall have a period of time as set out in Schedule D to consider whether the proposed change would materially affect its ability to comply with its obligations under its Power Reactor Operating Licence. In the event that the Customer, acting reasonably, determines that the proposed change would materially affect its ability to meet its obligations under the Power Reactor Operating Licence, the Transmitter shall not proceed with the proposed change without obtaining prior written approval of the applicable regulatory authority(ies). Any incremental costs which do not provide a benefit to the Transmission System resulting from altering the proposed change so as not to materially affect the Customer's ability to comply with its obligations under the PROL, shall be identified by the Transmitter and paid for by the Customer.

7.2 Involuntary Disconnection

- 7.2.1 The Transmitter may disconnect the Customer's facilities, at any connection point at any time throughout the term of this Agreement in any of the following circumstances:

Replace by:

- 7.2.1 Notwithstanding all other provisions of this Agreement except for Subsection 10.13.1, the Transmitter shall not, under any circumstances except where authorized by an appropriate regulatory authority or court of law, disconnect the Customer's Off-Site Power required to meet its obligations under its Power Reactor Operating License, either during the term of this Agreement, or upon its termination. However, in the event of an Emergency that requires disconnection of the Customer's Facility from the Transmitter's transmission system facilities, the Transmitter shall, to the extent that it is within its control, give the Customer reasonable opportunity to shut down the nuclear reactors in a controlled manner before the Transmitter disconnects the Customer's Facility from the transmission system. Subject to the above, other than Off-Site Power, the Transmitter may, by following the requirements of this Agreement, disconnect the Customer's Facilities to prevent the Customer's electricity output from entering the Transmitter's transmission facilities during the term of the Agreement in the following circumstances:

7.3 Disconnection – General

- 7.3.3 For the duration of the disconnection the Transmitter shall not be obliged to fulfill any agreement to convey electricity to or from the Customer's facilities.

Replace by:

- 7.3.3 For the duration of the disconnection, the Transmitter shall continue to provide the conveyance of Off-Site Power service to the Customer's Facilities.

8 LIABILITY

- 8.1 The Transmitter shall only be liable to the Customer and the Customer shall only be liable to the Transmitter for any damages which arise directly out of the willful misconduct or negligence:

8.1.1 of the Transmitter in providing Transmission Services to the Customer;

8.1.2 of the Customer during the period it is connected to the Transmitter's transmission facilities; or

8.1.3 of the Transmitter or Customer in meeting their respective obligations under this Agreement, the Transmission System Code, their licences and any other applicable law.

- 8.2 Despite section 8.1, above, neither the Transmitter nor the Customer shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.

Replace by:

8 LIABILITY

- 8.1 Subject to sections 8.2A and 8.2B below, the Transmitter shall only be liable to the Customer, and the Customer shall only be liable to the Transmitter, and each Party shall indemnify the other, only for damages that arise directly out of the willful misconduct or negligence:

8.1.1 of the Transmitter in providing Transmission Services to the Customer;

8.1.2 of the Customer during the period that it is connected to the Transmitter's transmission facilities; or

8.1.3 of the Transmitter or Customer in meeting their respective obligations under this Agreement, the Transmission System Code, their licences and any other applicable law.

- 8.2A the Transmitter shall not be liable to the Customer for any damages or loss caused by the hazardous properties of nuclear material as defined under the Nuclear Liability Act, R.S.C. 1985, N-28, as amended. In the event that any such damages or loss occur wholly or partially as a result of an unlawful act or omission of an employee, agent, contractor or sub-contractor of the Transmitter, done with the intent to cause injury or damage, the Transmitter shall not be liable for any claims by the Customer's insurer, in accordance with the letter dated May 10, 2001, from the Customer's insurer appended to this Agreement as Schedule R.

- 8.2B Neither Party shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.

10 REQUIREMENTS FOR OPERATIONS AND MAINTENANCE

- 10.1.1 When the Transmitter's staff, its contractors, or agents work at the Customer's facilities or site, the Customer's safety and environmental requirements shall be observed by such staff, contractors and agents.

Replace by:

- 10.1.1 When the Transmitter's staff, its contractors, or agents work at the Customer's Facilities or site, the Customer's safety and environmental requirements and obligations under its PROL shall be observed by such staff, contractors and agents, to the extent that those requirements and obligations have been communicated to the Transmitter.

The Customer shall provide appropriate site specific training, as required by the Customer, for staff, contractors and agents nominated by the Transmitter, to cover the work identified by the transmitter. The Transmitter's staff, its contractors and its agents will only be expected to be trained in and observe those requirements identified for the particular area in which they are to work and the nature of that work.

- 10.1.2 When the Transmitter can show the Customer, to the Customer's satisfaction, that the Transmitter's safety and environmental practices provide for an equivalent or better level of safety or environmental protection, the Customer shall give permission to work to the Transmitter's safety and environmental practices. As a minimum, all applicable statutes and regulations shall govern such work.

Exclude the above

- 10.3.1 Operations and maintenance shall be performed only by qualified persons.

Replace by:

Operations and maintenance shall be performed by the Customer's staff at the Transmitters site and by the Transmitter's staff at the Customer's site shall be performed only by qualified persons trained to understand the hazards involved at each site.

- 10.6.3 The Customer shall comply with all switching instructions issued by the Transmitter's Controlling Authority to maintain the security and reliability of the transmission system. The two Controlling Authorities shall agree to procedures prior to undertaking any switching-operations.

Replace by:

- 10.6.3 The Customer shall comply with all switching instructions issued by the Transmitter's Controlling Authority to maintain the security and reliability of the Transmission System unless this conflicts with public safety, life, property, or the environment, as applicable to a Nuclear Generating Station and as required by the Customer's PROL or with the terms of this Agreement. The two Controlling Authorities shall agree to procedures prior to undertaking any switching operations.

10.11 Scheduling of Planned Work

In order to maintain the provision conveyance of reliable Off-Site Power service, the parties will co-ordinate outage plans in accordance with Good Utility Practice and shall use their best efforts to schedule outages on mutually acceptable dates. To the extent practical, the Transmitter shall schedule any shutdown, withdrawal or testing of facilities to co-ordinate with the Customer's scheduled outages.

Include the above

- 10.11.2 The Customer shall, take all reasonable steps to ensure that its anticipated and planned outages for the upcoming year are submitted to the Transmitter by October 1st of each year.

Replace by:

The Customer shall, take all reasonable steps to ensure that its anticipated and planned outages for the upcoming year are submitted to the Transmitter by October 1st of each year.

Notice requirements for planned work are contained in this Addendum under Schedule D "Outage Planning".

- 10.11.3 At least four days in advance of planned work that requires feeder breaker to be opened or operated and at least ten days in advance of planned work that requires operations of multiple feeder breakers, station bus or a whole transformer station, the Customer's Controlling Authority shall fax requests to the appropriate Transmitter contact identified in the operations schedule of this Agreement.

Replace by:

- 10.11.3 At least four days in advance of planned work by the Transmitter that requires a Transmitter's feeder breaker to be opened or operated and at least ten days in advance of planned work by the Transmitter that requires operations of the Transmitter's multiple feeder breakers, Transmitter's station Bus or a Transmitter's whole transformer station, the Customer's Controlling Authority shall fax requests to the appropriate Transmitter contact identified in Part 1, ScheduleDof this Agreement.

- 10.11.4.1 any disconnection from the Transmitter's transmission facilities of less than 50 kV e.g. disconnection from a feeder breaker owned by the Transmitter or by the Customer,

Exclude the above

- 10.11.4.2 load changes greater than 5 MW, or

Exclude the above

- 10.11.5 The Transmitter's Controlling Authority shall notify the Customer's Controlling Authority at least four days in advance of any planned work that requires a feeder breaker to be opened or operated and at least ten days in advance of planned work that requires operations of multiple feeder breakers, station bus or a whole transformer station, that directly affects the Customer's facilities, by contacting the appropriate Customer contact identified in the operations schedule to this Agreement.

Replace by:

- 10.11.5 The Transmitter's Controlling Authority shall notify the Customer's Controlling Authority at least ten days in advance of planned work that requires operations of a station bus, that directly affects the Customer's facilities, by contacting the appropriate Customer contact identified in Part 1, Schedule D of this Agreement.

- 10.11.9 Details regarding outage planning particular to the Customer are in Schedule D, Part 1, Section 6.2 "Outage Planning".

Include the above

- 10.11.10 In circumstances where the Customer reasonably believes that there is a material threat to its ability to comply with its PROL, the Customer may direct the Transmitter to undertake work on the Transmitter's facilities or Equipment. The Transmitter shall comply with this direction promptly provided that this work does not conflict with the Transmitter's legislative, regulatory or safety requirements, as the case may be. To avoid indiscriminate use of this provision, the request must be made by a Customer's senior staff (e.g. director level or above) to the Transmitter's Director of Network Management Program Execution or delegate. The Transmitter's Director shall immediately authorize the directed work and the work shall be completed on an expedited basis.

Incremental costs incurred by the Transmitter in complying with this direction shall initially be paid by the Customer upon receipt of a bill outlining in reasonable detail the amount and breakdown of the incremental costs, and may later be shared between the Transmitter and the Customer by mutual agreement. In no circumstances will the Customer be billed under this section for regularly

scheduled maintenance that was not performed by the Transmitter. Where the Customer and the Transmitter can not agree on the sharing of these costs, the matter shall be resolved through the Dispute Resolution process set out in Section 13 of this Agreement.

Include the above

10.14 Access and Security of Facilities

10.14.9 In an Emergency, a site owner may, as far as reasonably necessary in the circumstances, have access to and interfere with the other Party's facilities. The site owner shall use reasonable efforts not to cause loss or damage to the other Party's facilities. If the site owner interferes with any of the facilities, it shall indemnify the other Party for reasonable costs and expenses incurred from any resulting loss or damage.

Replace by:

10.14.9 In an emergency the Customer may, as far as reasonably necessary in the circumstances, have access to and interfere with the Transmitter's facilities. The Customer shall use reasonable efforts not to cause loss or damage to the Transmitter's facilities. If the Customer interferes with any of the facilities, it shall indemnify the Transmitter for reasonable costs and expenses incurred from any resulting loss or damage.

10.14.10 Access to Equipment in the switchyard and switchyard security is the responsibility of both Parties subject to the Customer's obligation under its Power Reactor Operating Licence. Only authorized personnel are allowed unaccompanied access to the switchyard. Access codes and keys shall be registered with Customer site security which must be kept informed of gates left unlocked on a shift by shift basis, otherwise all gates must be closed and locked at all times.

Include the above

10.14.11 The Controlling Authorities shall be notified upon entry and exit of personnel from the switchyard. The Transmitter and Customer will comply with each others procedures for accessing the switchyards: specifically the Transmitter's OATIS instruction [56], and the Customer's operating manual [18].

Include the above

11 TERM AND TERMINATION OF CONNECTION AGREEMENTS

This Agreement shall continue in effect until a mutually agreeable termination date not to exceed the date on which the Customer's PROL for the Customer Facility is terminated, provided that;

- the Customer has satisfied all CNSC requirements and commitments required to be satisfied in order to eliminate the need for a transmission connection to provide an Off-Site Power service under this Agreement, and
- the Customer no longer holds any other nuclear related licence for the Customer's Facility which identifies a requirement for an Off Site-Power service.

or until such time the parties execute an agreement which provides for the conveyance of Off-Site Power in a manner which satisfies any license that the Customer is required to hold by the CNSC or other regulatory body.

Include the above

11.2 Termination by a Non-Defaulting Party

- 11.2.1 A non-defaulting Party may terminate the Agreement at any time during the term or any renewal thereof by giving the other Party six months' prior written notice setting out the termination date. Termination in the event of a default shall follow the procedures set out in section 12.4 of this Agreement.

Exclude the above

11.3 Right to Disconnect

- 11.3.1 If a non-defaulting Party gives notice to terminate the Agreement under section 12.2.1, the Transmitter shall disconnect the connection point on the termination date specified in that notice or on another date that the Parties have agreed upon in writing.

Exclude the above

11.4 Right to Remove Assets

- 11.4.1 When a non-defaulting Party has terminated the Agreement under section 11.2.1, the Transmitter may disconnect the connection point and shall be entitled to de-commission and remove any of its assets associated with the connection and the connection point.

Replace by:

- 11.4.1 The Transmitter may only disconnect the connection point after the nuclear units are decommissioned. During the decommissioning phase, the Parties may negotiate a new connection agreement (the "New Agreement") to provide for the conveyance of Off-Site Power in a manner which satisfies any license that the Customer is required to hold by the CNSC or other regulatory body. Upon execution of the New Agreement, the Transmitter shall be entitled to decommission and remove any of its assets associated with the connection point and which are not required under the terms of the New Agreement.

12 EVENTS OF DEFAULT AND TERMINATION

- 12.4.1 A non-defaulting Party may, without prejudice to other rights and remedies provided for in this Agreement with respect to an Event of Default, which has not been remedied within the periods set forth below, terminate this Agreement by written notice to the defaulting Party:

Replace by:

- 12.4.1 A Non-defaulting Party may, without prejudice to other rights and remedies provided for in this Agreement with respect to an Event of Default, which has not been remedied within the periods set forth below, terminate this Agreement, provided that such termination under no circumstances permits the Transmitter to cease the conveyance of the Customer's Off-Site Power service required to meet its obligations under its Power Reactor Operating Licence, unless the Transmitter has the approval of the appropriate regulatory authority(ies) or a court of competent jurisdiction, it being the intent of the Parties that if the Customer is the Defaulting Party, the Transmitter can terminate the Agreement only insofar as it relates to the Transmitter's obligations to accept and transmit electricity generated by the Customer to the Market, by written notice to the Defaulting Party:
- 12.5.1 Neither the Transmitter nor the Customer may terminate the Agreement except in accordance with the applicable provisions set out in the Code or this Agreement.

Replace by:

- 12.5.1 Neither the Transmitter nor the Customer may terminate the Agreement except in accordance with the applicable provisions set out in the Code and this Agreement.

- 12.5.2 If either a Transmitter or a Customer chooses to terminate this Agreement pursuant to its rights under section 12.4, then upon termination the Agreement will, subject to section 12.5.3, be of no further force and effect.

Replace by:

- 12.5.2 If either a Transmitter or a Customer chooses to terminate this Agreement pursuant to its rights under section 12.4, then upon termination the Agreement will, subject to Subsection 12.5.3 and Subsection 12.4.1, be of no further force and effect.

- 12.6.1 If the Transmitter is the non-defaulting Party, the default has not been remedied and the cure period has expired, it may, on providing a written notice ten business days in advance, disconnect the connection point where the default remains unremedied at the end of the ten business days notice period.

Replace by:

- 12.6.1 If the Transmitter is the Non-defaulting Party, the default has not been remedied and the Cure Period has expired, it may, subject to Subsection 12.4.1, on providing a written notice ten business days in advance, disconnect the connection point where the default remains unremedied at the end of the ten business days notice period.

13 DISPUTE RESOLUTION

13.1 Exclusivity

- 13.1.1 Except where this Agreement states otherwise, the dispute resolution procedures set forth in this Agreement shall apply to all disputes arising between the Customer and the Transmitter regarding the Agreement and the Code and shall be the only means for resolving any such disputes.

Replace by:

- 13.1.1 Except where this Agreement states otherwise, the dispute resolution procedures set forth in this Agreement shall apply to all disputes, other than those relating to nuclear safety, arising between the Customer and the Transmitter regarding the Agreement and the Code and shall be the only means for resolving any such disputes.

13.2 Duty to Negotiate

13.2.1 Any dispute between the Customer and the Transmitter over this Agreement shall first be referred to a designated representative chosen by the Customer and to a designated representative chosen by the Transmitter for resolution on an informal basis.

Replace by:

13.2.1 Any dispute, other than those relating to nuclear safety, between the Customer and the Transmitter over this Agreement shall first be referred to a designated representative chosen by the Customer and to a designated representative chosen by the Transmitter for resolution on an informal basis. Any dispute relating to nuclear safety may be referred to such designated representatives on an informal basis or to a court of competent jurisdiction as set out in Subsection 13.3.1 below.

13.2.2 Such designated representatives shall attempt in good faith to resolve the dispute within thirty days of the date when the dispute was referred to them, except that the Parties may extend such period upon which they agree in writing.

Replace by:

13.2.2 Such designated representatives shall attempt in good faith to resolve the dispute within thirty days of the date when the dispute was referred to them, except that the Parties may extend such period upon which they agree in writing. When a dispute relating to nuclear safety is referred to such designated representatives, the designated representatives shall attempt in good faith to resolve the dispute within 48 hours of the date the dispute was referred to them unless the Parties agree otherwise in writing.

13.3 Referral of Unresolved Disputes

13.3.1 If the designated representatives cannot resolve the dispute within the time period set out in subsection 13.2.2, either Party may submit the dispute to binding arbitration and resolution in accordance with the arbitration procedures set out below.

Replace by:

13.3.1 If the designated representatives cannot resolve the dispute within the time period set out in subsection 13.2.2, either Party may submit the dispute to binding arbitration and resolution in accordance with the arbitration procedures set out below. If the dispute relates to nuclear safety, either party may apply to a court of competent jurisdiction to seek specific performance or injunctive relief. The Parties hereby agree that disputes relating to nuclear safety may cause irreparable harm to a Party, the Parties and/or the public for which ordinary damages are not an adequate or appropriate remedy and therefore it is necessary and appropriate to submit such

disputes to a court of competent jurisdiction in order to obtain an order for specific performance or injunctive relief to compel the other Party to perform its obligations under this Agreement.

15 COMPLIANCE, INSPECTION, TESTING AND MONITORING

- 15.1.7 The Transmitter has the right to specify by addendum to this Agreement, the types of changes that require prior approval of the Transmitter before the Customer implements such changes. Such changes, that require prior approval of the Transmitter, shall be set out in Schedule A of this Agreement, and shall be limited to those that can have material adverse effect(s) on the Transmitter's transmission facilities or facilities of its other Customers.

Replace by:

- 15.1.7 The Parties have the right to specify by addendum to this Agreement, the types of changes that require prior approval of the Transmitter before the Customer implements such changes or that require prior approval of the Customer before the Transmitter implements such changes. Such changes, that require prior approval of the Transmitter, shall be set out in Schedule A of this Agreement, and shall be limited to those that can have material adverse effect(s) on the Transmitter's transmission facilities or facilities of its other Customers. Such changes that require prior approval of the Customer shall also be set out in Schedule A, and shall be limited to those that, subject to Sections 6.3 and 6.8, materially affect the ability of the Customer to meet its obligations under its PROL.

23 INCORPORATION OF SCHEDULES

Schedule N - Switchyard Equipment Affecting Nuclear Safety

Schedule O - Reliability Indices Used in Nuclear Safety Analysis

Schedule P - Drawings

Schedule Q - References

Schedule R - Letter from the Nuclear Insurance Association of Canada

Include the above

28 ENTIRE AGREEMENT

This Agreement, together with the schedules attached hereto, constitute the entire agreement between the Parties and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the matters dealt with herein.

Replace by:

This Agreement, together with the Addenda and Schedules attached hereto, constitutes the entire agreement between the Parties and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the matters dealt with herein.

29 AMENDMENTS

29.1.8 Schedule M – Amendment Agreement Template

29.1.9 Schedule N – Switchyard Equipment Affecting Nuclear safety

29.1.10 Schedule O - Reliability Indices Used in Nuclear Safety Analysis

29.1.11 Schedule P – Drawings

29.1.12 Schedule Q – References

29.1.13 Schedule R – Letter from the Nuclear Insurance Association of Canada

Include the above

29.3 The Parties to this Agreement agree to forthwith, upon receipt of notice from the Board, do all things and take all actions necessary to amend this Agreement as specified by the Board.

Replace by:

29.3 The Parties to this Agreement agree to forthwith, upon receipt of notice from the Board, provided that such direction does not materially affect the Customer's ability to meet its obligations under its Power Reactor Operating Licence, do all things and take all actions necessary to amend this Agreement as specified by the Board. If the direction from the Board is determined to materially affect the Customer's ability to meet its obligations under its Power Reactor Operating Licence, the parties agree to notify the Board and seek resolution.

Amendments to Schedules

There are also a number of amendments to the Schedules required to cater for the requirements at the nuclear stations.

Schedule C - Include the Following

Areas of Impact	Cure Period
Any Action that Impacts on a Party's Obligations under its Power Reactor Operating Licence	Promptly

Schedule F

- 1.2.3 With advance notice to the Customer, the Transmitter's personnel may lock the isolating disconnect switch in the open position:

Replace by:

- 1.2.3 Except during an Emergency as permitted by Subsection 10.3.1, the Transmitter shall not lock the isolating switch in the open position without the prior written agreement of the Customer. With the prior written agreement of the Customer the Transmitter may lock the isolating equipment switch in the open position in the following circumstances.