

September 19, 2014

COURIER

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

Re: Windlectric Inc. - Application for Leave to Construct Transmission Facilities

We are counsel to Windlectric Inc. ("Windlectric"). On behalf of Windlectric, we are hereby enclosing two copies of an application, pursuant to section 92 of the *Ontario Energy Board Act*, for leave to construct certain electricity transmission facilities in Loyalist Township in the County of Lennox and Addington, Ontario, for purposes of connecting Windlectric's renewable energy generation facility to the IESO-controlled grid (the "Application").

Also enclosed is a CD-ROM containing one copy of the complete Application, which shall serve as the electronic filing for this Application. Please note that the landowner line list has been intentionally omitted from Appendix 1 of Exhibit E, Tab 1, Schedule 1 of the enclosed hard copies and electronic copy of the Application as it contains confidential information. This document is being filed concurrently under separate cover in accordance with Board requirements.

Yours truly,



Jonathan Myers

Tel 416.865.7532
jmyers@torys.com

cc: Mr. A. Tsopelas, Windlectric Inc.
Mr. C. Keizer, Torys LLP

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B);

AND IN THE MATTER OF an application by Windlectric Inc. for an Order or Orders pursuant to Section 92 of the *Ontario Energy Board Act, 1998* (as amended) granting leave to construct transmission facilities in Loyalist Township in the County of Lennox and Addington, Ontario.

APPLICATION FOR LEAVE TO CONSTRUCT

WINDLECTRIC INC.

September 19, 2014

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ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15 (Sched. B);

AND IN THE MATTER OF an application by Windlectric Inc. for an Order or Orders pursuant to Section 92 of the *Ontario Energy Board Act, 1998* (as amended) granting leave to construct transmission facilities in Loyalist Township in the County of Lennox and Addington, Ontario.

APPLICATION

1. Windlectric Inc. (“**Windlectric**” or the “**Applicant**”) is a corporation established, under the federal laws of Canada, for the purposes of developing, owning and operating the Amherst Island Wind Energy Project in Loyalist Township, in the County of Lennox and Addington, Ontario.
2. Windlectric is a wholly-owned subsidiary of the Algonquin Power Co. (“**Algonquin Power**”), which is in the business of developing, owning and operating clean and renewable energy generation facilities. Algonquin Power owns direct or indirect equity interests in 19 hydroelectric, 7 wind, 6 thermal, 1 solar and 1 steam generating facilities in Canada and the United States, having a total installed capacity of approximately 1,100 MW. In addition, it currently has approximately 450 MW of contracted wind and solar projects under development. In Ontario, Algonquin Power has interests in 3 hydroelectric, 2 thermal and 1 solar generation facilities.
3. The Applicant hereby applies to the Ontario Energy Board (the “**Board**”) pursuant to Section 92 of the *Ontario Energy Board Act, 1998* (the “**Act**”) for an order or orders granting leave to construct the following transmission and interconnection facilities:
 - (a) a substation located on Part Lots 31, 32 and 33, Concession 1, on Amherst Island in Loyalist Township, in the County of Lennox and Addington, at which power from the 34.5 kV collection system associated with the Amherst Island Wind

Energy Project will be transformed from 34.5 kV to 115 kV by means of one 115/34.5 kV, 50/67/84 MVA transformer (the “**Project Substation**”);

- (b) an approximately 5.9 km single circuit 115 kV transmission line, including overhead, underground and submarine segments, connecting the Project Substation to the Switching Station (described below) (the “**Transmission Line**”); and
 - (c) a 115 kV switching station located on Part Lots 23, 24 and 25, Concession 1, in Loyalist Township in the County of Lennox and Addington, adjacent to the existing Hydro One Networks Inc. (“**Hydro One**”) circuit Q6S (the “**Switching Station**”).
4. The facilities described in paragraph 3 are collectively referred to in this Application as the “**Proposed Transmission Facilities**”.
 5. The Applicant further requests approval of the Board pursuant to Section 97 of the Act for the forms of land agreements it has previously offered to directly affected landowners.
 6. Moreover, the Applicant requests approval of the Board pursuant to Section 101 of the Act for authority to construct portions of the Proposed Transmission Facilities upon, under or over a highway, utility line or ditch.
 7. The Applicant is developing and planning to construct and operate a 75 MW wind generation facility, known as the Amherst Island Wind Energy Project, on Amherst Island in Loyalist Township, in the County of Lennox and Addington, pursuant to a contract under the Ontario Power Authority’s Feed-in Tariff (“**FIT**”) Program (the “**Generation Project**”). The Applicant requires the Proposed Transmission Facilities to enable it to convey electricity to the Independent Electricity System Operator (“**IESO**”) controlled grid from the Generation Project, consistent with its obligations under its FIT contract, the objectives of the FIT Program and the renewable energy policies of the Province of Ontario.
 8. The Applicant proposes to locate each of the Project Substation and the Switching Station on private lands and has entered into options to lease the relevant properties.

9. The Applicant proposes to locate the Transmission Line overhead along private properties and across one road on Amherst Island, by means of a submarine cable across a portion of Lake Ontario between Amherst Island and the mainland near the Village of Bath, and underground along private properties and beneath one road on the mainland.
10. With respect to the overhead portions of the Transmission Line on Amherst Island, Windlectric has entered into options to lease or for easements on the relevant properties. With respect to the underground portions of the Transmission Line on the mainland, Windlectric has entered into an option to lease for the relevant properties. To permit the submarine crossing through a portion of Lake Ontario, Windlectric intends to apply for a Work Permit and a Land Use Permit from the Ontario Ministry of Natural Resources.
11. Windlectric is in the late stages of negotiating a road use agreement with Loyalist Township in respect of the road crossing on Amherst Island. For the road crossing on the mainland, Windlectric requires an encroachment permit from the Ministry of Transportation. Windlectric has also commenced negotiations with the Ontario Ministry of Transportation for a Crossing Agreement due to the need for the submarine portion of the Transmission Line to traverse a ferry crossing route and related infrastructure which prevents ice build-up in this area. In addition, Windlectric has taken steps to coordinate with Hydro One Networks Inc. concerning the two locations where the Transmission Line would cross Hydro One's existing distribution facilities perpendicularly.
12. The Applicant received a final System Impact Assessment ("SIA") Report from the IESO dated April 18, 2012. The SIA Report concludes that, subject to certain requirements set out therein, the proposed connection is expected to have no material adverse impacts on the reliability of the integrated power system. The IESO issued a Notification of Conditional Approval for Connection concurrently with the SIA Report.
13. The Applicant received a final Customer Impact Assessment ("CIA") Report from Hydro One dated April 16, 2012. The CIA Report concludes that the Generation Project can be incorporated via the Proposed Transmission Facilities without adverse impacts on Hydro One's customers in the area.

14. Windlectric is subject to the requirements of the Renewable Energy Approval (“**REA**”) process under Ontario Regulation 359/09 under the *Environmental Protection Act*. The final REA submission package for the Generation Project was submitted to the Ministry of the Environment on April 18, 2013 and was deemed complete on January 2, 2014. Based on the Ministry’s six-month service standard, the Applicant therefore anticipates that its REA will be issued in Fall 2014. The REA contemplates that the project will include transmission facilities and routing that is consistent with the Proposed Transmission Facilities and the routing described in this Application.
15. Subject to receipt of its REA, as well as other necessary permits and approvals, Windlectric plans to commence construction of the Proposed Transmission Facilities in the summer of 2015. Construction is expected to take approximately 8-12 months to complete. The Proposed Transmission Facilities would then be commissioned and would be ready for service by approximately Spring 2016.
16. The cost of the Proposed Transmission Facilities will be borne by the Applicant. As such, the project will not affect electricity transmission rates in Ontario.
17. The evidence in support of this Application has been prepared in accordance with the requirements set out in the Board’s *Filing Requirements for Electricity Transmission Applications - Chapter 4, Applications Under Section 92 of the Ontario Energy Board Act*, as amended July 31, 2014.
18. The Applicant requests that copies of all documents filed with or issued by the Board in connection with this Application be served on the Applicant and it’s counsel as follows:

The Applicant:

Windlectric Inc.
c/o Algonquin Power Company
2845 Bristol Circle
Oakville, ON L6H 7H7

Attention: Mr. Alex Tsopelas
Tel: 905-829-6388

Fax: 905-465-4514
Email: alex.tsopelas@algonquinpower.com

The Applicant's Counsel:

Torys LLP
Suite 3000
79 Wellington St. W.
Box 270, TD Centre
Toronto, ON M5K 1N2

Attention: Mr. Charles Keizer
Tel: 416-865-7512
Fax: 416-865-7380
Email: ckeizer@torys.com

- and -

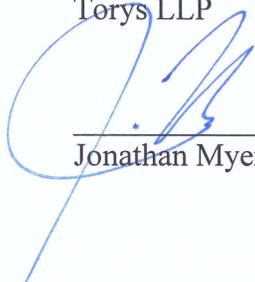
Mr. Jonathan Myers
Tel: 416-865-7532
Fax: 416-865-7380
Email: jmyers@torys.com

19. Additional written evidence, as required, may be filed in support of this Application, which may be amended from time to time prior to the Board's final decision.
20. The Applicant requests that the Board proceed by way of written hearing, pursuant to Section 34.01 of the Board's *Rules of Practice and Procedure*.

Dated at Toronto, Ontario, this 19th day of September, 2014.

WINDLECTRIC INC.

By its counsel
Torys LLP



Jonathan Myers

PROCEDURAL ORDERS, CORRESPONDENCE & NOTICES

This tab is provided as a placeholder for any Procedural Orders, correspondence and notices that may be filed in connection with the Application.

PROJECT OVERVIEW

1 1. **The Applicant**

2 Windlectric Inc. (“**Windlectric**” or the “**Applicant**”) is a corporation established under the
3 federal laws of Canada and with its head office situated in Ontario. Windlectric was established
4 for the purposes of developing, owning and operating the Amherst Island Wind Energy Project
5 in Loyalist Township, in the County of Lennox and Addington, Ontario. The Amherst Island
6 Wind Energy Project is a proposed 75 MW wind generation facility being developed pursuant to
7 a contract under the OPA’s FIT Program.

8 Windlectric is a wholly-owned subsidiary of the Algonquin Power Co. (“**Algonquin Power**”),
9 which is in the business of developing, owning and operating clean and renewable energy
10 generation facilities. Algonquin Power is a trust which owns direct or indirect equity interests in
11 19 hydroelectric, 7 wind, 6 thermal, 1 solar and 1 steam generating facilities, in Canada and the
12 United States, having a total installed capacity of approximately 1,100 MW. In addition, it
13 currently has approximately 450 MW of contracted wind and solar projects under development.
14 In Ontario, Algonquin Power has interests in the Campbellford (4 MW), Hurdman Dam (570
15 kW) and Long Sault Rapids (18 MW) hydroelectric generation facilities, the Cochrane (38.3
16 MW) and Kirkland Lake (102 MW) thermal generation facilities, as well as the Cornwall (10
17 MW) solar generation facility.

18 Algonquin Power is controlled by Algonquin Power & Utilities Corp. (“**Algonquin Power &**
19 **Utilities**”), which is a publicly traded (TSX: AQN) renewable energy and regulated utility
20 company, headquartered in Oakville, with assets across North America. In addition to investing
21 in hydroelectric, thermal, wind and solar power generation facilities through Algonquin Power,
22 Algonquin Power & Utilities invests in sustainable utility distribution businesses in the United
23 States (water, electricity and natural gas) through its other operating subsidiary, Liberty Utilities.

1 2. **Approvals Sought**

2 Windlectric applies to the Ontario Energy Board (the “**Board**”) pursuant to Section 92 of the
3 *Ontario Energy Board Act, 1998* (the “**Act**”) for an order or orders under Section 96 of the Act
4 granting leave to construct the following transmission and interconnection facilities:

5 (a) a substation located on Part Lots 31, 32 and 33, Concession 1, on Amherst Island
6 in Loyalist Township, in the County of Lennox and Addington, at which power
7 from the 34.5 kV collection system associated with the Amherst Island Wind
8 Energy Project will be transformed from 34.5 kV to 115 kV by means of one
9 115/34.5 kV, 50/67/84 MVA transformer (the “**Project Substation**”);

10 (b) an approximately 5.9 km single circuit 115 kV transmission line, including
11 overhead, underground and submarine segments, connecting the Project
12 Substation to the Switching Station (described below) (the “**Transmission**
13 **Line**”); and

14 (c) a 115 kV switching station located on Part Lots 23, 24 and 25, Concession 1, in
15 Loyalist Township in the County of Lennox and Addington, adjacent to the
16 existing Hydro One Networks Inc. (“**Hydro One**”) circuit Q6S (the “**Switching**
17 **Station**”).

18 The Project Substation, the Transmission Line and the Switching Station are collectively referred
19 to in this Application as the “**Proposed Transmission Facilities**”.

20 The Applicant further requests approval of the Board pursuant to Section 97 of the Act for the
21 forms of land agreements included in Exhibit E, Tab 1, Schedule 2.

22 Moreover, the Applicant requests approval of the Board pursuant to Section 101 of the Act for
23 authority to construct portions of the Proposed Transmission Facilities upon, under or over a
24 highway, utility line or ditch, as further described in Exhibit E, Tab 1, Schedule 1.

1 **3. Need for the Project**

2 In February 2011, the Ontario Power Authority (“**OPA**”) awarded a contract under the Feed-in
3 Tariff (“**FIT**”) Program in respect of the Generation Project. The Proposed Transmission
4 Facilities are needed to convey electricity from the Generation Project to the Switching Station,
5 which will in turn be connected to Hydro One’s transmission system which forms part of the
6 IESO-controlled grid. As the development of the Generation Project promotes the use of
7 renewable energy sources in a manner consistent with the policies of the Government of Ontario,
8 the Proposed Transmission Facilities are in the public interest pursuant to paragraph 96(2)2 of
9 the Act.

10 **4. Project Location and Components**

11 This section describes the locations of the Proposed Transmission Facilities, as well as the
12 locations of facilities that are ancillary to the Proposed Transmission Facilities, including the
13 Generation Project and its collector system, and the Hydro One transmission system to which the
14 Proposed Transmission Facilities will connect. While detailed project maps are provided in
15 Exhibit C, Tab 2, Schedule 1, in accordance with the Board’s Filing Requirements this Project
16 Overview includes, at **Appendix ‘A’**, a draft drawing suitable for publication with the Notice of
17 Hearing and, at **Appendix ‘B’**, a single line drawing of the Proposed Transmission Facilities.

18 (a) *The Generation Project and Collector System*

19 The 75 MW Generation Project will be located on Amherst Island. Amherst Island is a 66
20 square kilometer island located near the mouth of the St. Lawrence River in Lake Ontario, to the
21 southwest of the City of Kingston and adjacent to the Village of Bath. Amherst Island is part of
22 Loyalist Township, which is located in the County of Lennox and Addington. The Generation
23 Project will consist of 33 wind turbine generators installed on privately-owned agricultural
24 properties throughout Amherst Island. The electricity generated by each turbine will be
25 conveyed along a largely underground 34.5 kV collection system to a substation (the “**Project**
26 **Substation**”).

1 (b) *The Proposed Transmission Facilities*

2 The main components of the Proposed Transmission Facilities are the Project Substation, the
3 Transmission Line and the Switching Station, the locations of which are as follows.

4 (i) Project Substation

5 The Project Substation will be located on Part Lots 31, 32 and 33, Concession 1, in Loyalist
6 Township, which is approximately 1.3 km southwest of the town of Stella on Amherst Island.
7 The Project Substation will have an area of approximately 0.3 ha. At the Project Substation,
8 electricity conveyed from the Generation Project along the collection system will be transformed
9 from 34.5 kV to 115 kV by means of a 115/34.5 kV, 50/67/84 MVA transformer.

10 (ii) Transmission Line

11 The total length of the proposed Transmission Line is approximately 5.9 km. In particular, from
12 the Project Substation, a single circuit 115 kV overhead Transmission Line will run northeast
13 from the Project Substation along private properties for approximately 400 m, then north for
14 approximately 500 m to the point where it crosses Front Road and then proceeds for a further
15 250 m north towards the shoreline. At the shoreline, riser structures will transition the overhead
16 line into a submarine cable, which will run for approximately 4.2 km in a northeast direction to a
17 point on the mainland that is approximately 500 m west of the intersection of Bath Road/Hwy 33
18 and Jim Snow Drive. From this point on the mainland, the Transmission Line will continue
19 underground for approximately 550 m north, crossing Bath Road/Hwy 33 and terminating at the
20 Switching Station, the location of which is described below.

21 (iii) Switching Station

22 The Switching Station will be located on Part Lots 23, 24 and 25, Concession 1 in Loyalist
23 Township, which is a former industrial property situated to the west of Jim Snow Drive, between
24 Bath Road/Hwy 33 and Taylor Kidd Blvd. The Switching Station, which will have an area of
25 approximately 0.14 ha, will be situated on the west side of the property adjacent to an existing
26 transformer station that historically served an industrial facility on the property. The Proposed

1 Transmission Facilities will be interconnected with the Hydro One transmission system at a point
2 of interconnection immediately adjacent to the Switching Station.

3 (c) *Hydro One's Transmission Facilities*

4 The Switching Station will connect the Generation Project and the Proposed Transmission
5 Facilities to Hydro One's existing 115 kV circuit Q6S, at a point of interconnection located
6 approximately 20 km from Catarauqui TS.

7 **5. Land Matters**

8 Matters relating to the land rights and land area required for the Proposed Transmission
9 Facilities, as well as the Applicant's land acquisition process, are described in detail in Exhibit E.
10 In summary, with respect to the acquisition of land rights for the Project Substation and the
11 Switching Station, Windlectric has entered into options to lease the relevant properties. For the
12 overhead portions of the Transmission Line on Amherst Island, Windlectric has entered into
13 options to lease or for easements on the relevant properties. Windlectric is also well advanced in
14 its efforts to negotiate a road use agreement with Loyalist Township which will address the road
15 crossing on Amherst Island. For the underground portions of the Transmission Line on the
16 mainland, Windlectric has entered into an option to lease the relevant properties. An
17 encroachment permit from the Ministry of Transportation will be required for the road crossing
18 on the mainland. With respect to the submarine portion of the Transmission Line, Windlectric
19 intends to apply for a Work Permit and a Land Use Permit from the Ontario Ministry of Natural
20 Resources. In addition, Windlectric has commenced negotiations with the Ontario Ministry of
21 Transportation for a Crossing Agreement due to need for the submarine portion of the
22 Transmission Line to traverse a ferry crossing route and related infrastructure which prevents ice
23 build-up along the ferry route. In addition, Windlectric has taken steps to coordinate with Hydro
24 One Networks Inc. concerning two locations where the Transmission Line would cross Hydro
25 One's existing distribution facilities perpendicularly.

1 **6. Renewable Energy Approval**

2 Windlectric is subject to the requirements of the Renewable Energy Approval (“**REA**”) process
3 under Ontario Regulation 359/09 under the *Environmental Protection Act*. The final REA
4 submission package for the Generation Project was submitted to the Ministry of the Environment
5 on April 18, 2013 and was deemed complete on January 2, 2014. Based on the Ministry’s six-
6 month service standard, the Applicant therefore anticipates that its REA will be issued in Fall
7 2014. The REA contemplates that the project will include transmission facilities and routing that
8 is consistent with the Proposed Transmission Facilities and the routing described in this
9 Application.

10 **7. Construction and In-Service Schedule**

11 The Proposed Transmission Facilities will be constructed in accordance with applicable technical
12 codes and standards, including the *Canadian Electrical Code, Part III* (which incorporates by
13 reference *CSA Standard C22.3 No. 1 - Overhead Systems*), as well as relevant IEEE transmission
14 line design and construction standards, such as *IEEE 524-2004 - Guide to the Installation of*
15 *Overhead Transmission Line Conductors*. The Proposed Transmission Facilities and their
16 construction will also comply with applicable requirements of the *Ontario Electrical Safety*
17 *Code*, the *Occupational Health and Safety Act* (Ontario), the *Transmission System Code*, the
18 *Market Rules for the Ontario Electricity Market*, including with respect to metering, and
19 requirements specified in the final *System Impact Assessment, Customer Impact Assessment* and
20 REA.

21 Subject to receipt of its REA and other necessary permits and approvals, the Applicant plans to
22 commence construction of the Proposed Transmission Facilities in the summer of 2015.
23 Construction is expected to take approximately 8-12 months to complete. The Proposed
24 Transmission Facilities would then be commissioned and would be ready for service by
25 approximately Spring 2016.

1 **8. Impact Assessments**

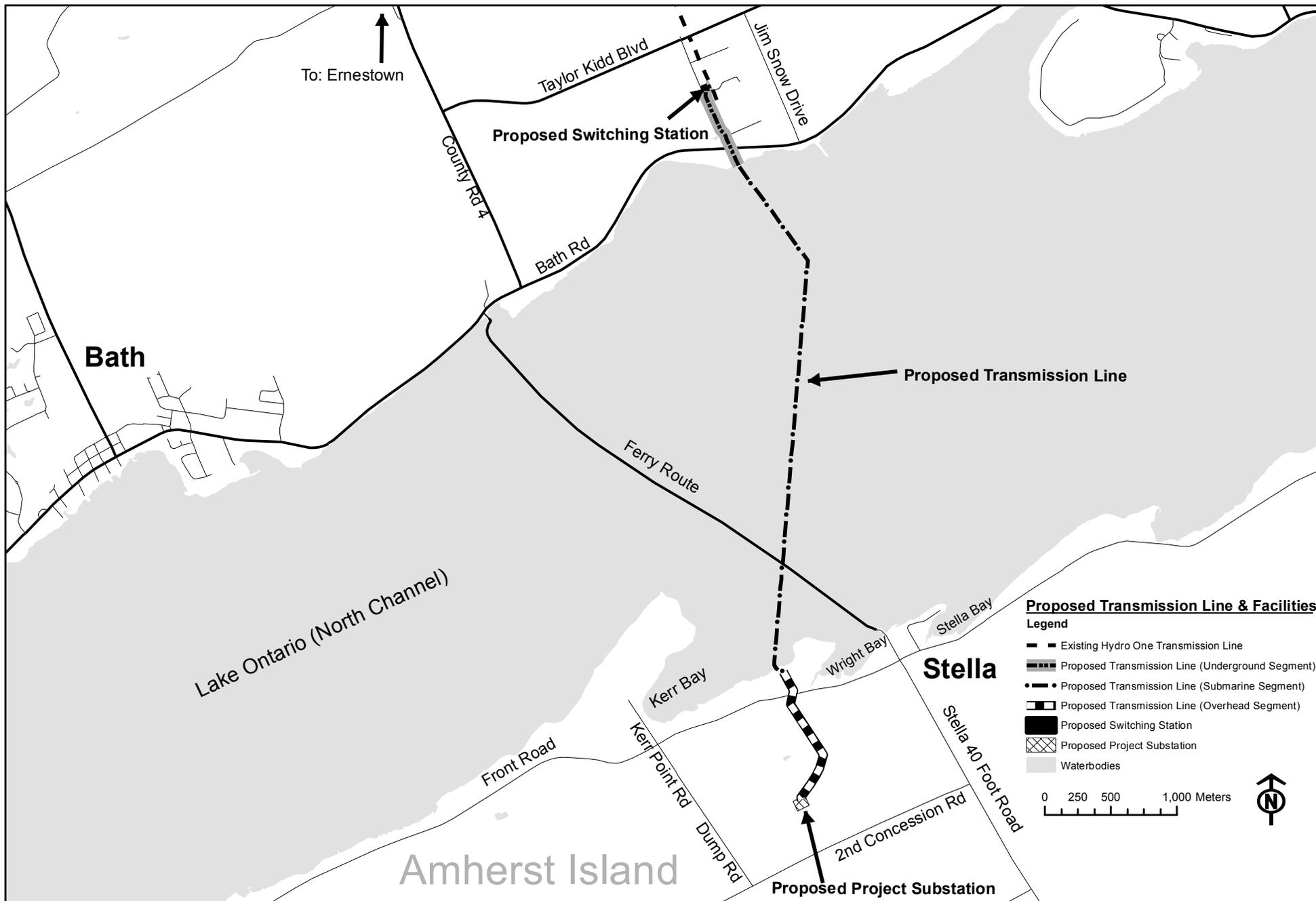
2 Matters relating to the Applicant’s System Impact Assessment are discussed in Exhibit F and the
3 Customer Impact Assessment is discussed in Exhibit G. In summary, Windlectric received a
4 final System Impact Assessment (“**SIA**”) Report from the IESO for the Generation Project on
5 April 18, 2012. The SIA Report concludes that, subject to certain requirements set out therein,
6 the proposed connection is expected to have no material adverse impacts on the reliability of the
7 integrated power system. The IESO therefore issued a Notification of Conditional Approval for
8 Connection concurrently with the final SIA Report. Windlectric also received a final Customer
9 Impact Assessment (“**CIA**”) Report from Hydro One on April 16, 2012. The CIA Report
10 concludes that the Generation Project can be incorporated via the Proposed Transmission
11 Facilities without adverse impacts on Hydro One’s customers in the area.

12 **9. Project Costs**

13 The costs of the Proposed Transmission Facilities will be borne by the applicant and, as such, the
14 Proposed Transmission Facilities will not affect electricity transmission rates in Ontario.

Appendix 'A'

Draft Project Drawing for Publication with Notice of Hearing



Appendix 'B'
Single Line Diagram

NEED FOR THE PROJECT

1 In February 2011, the OPA awarded a contract under the FIT Program in respect of the Amherst
2 Island Wind Energy Project (FIT Contract No. F-001563-WIN-130-601).¹ The Amherst Island
3 Wind Energy Project will further the Government of Ontario's policy objective of increasing the
4 amount of renewable energy generation that forms part of Ontario's energy supply mix. This
5 policy objective was reiterated in Ontario's updated Long-Term Energy Plan, issued in
6 December 2013, which calls for 10,700 MW of wind, solar and bioenergy to be online by 2021
7 and for a total of 20,000 MW of renewable energy, including hydroelectric, to be online by
8 2025.² In particular, the Generation Project will contribute approximately 75 MW of renewable
9 energy capacity towards these objectives. The Proposed Transmission Facilities are needed to
10 connect the Generation Project to the Hydro One transmission system, which forms part of the
11 IESO-controlled grid. As the development of the Generation Project promotes the use of
12 renewable energy sources in a manner consistent with the policies of the Government of Ontario,
13 the Proposed Transmission Facilities are in the public interest pursuant to paragraph 96(2)2 of
14 the *Ontario Energy Board Act, 1998*, which provides as follows:

15 **96. (2)** In an application under section 92, the Board shall only consider the
16 following when, under subsection (1), it considers whether the construction,
17 expansion or reinforcement of the electricity transmission line or electricity
18 distribution line, or the making of the interconnection, is in the public interest:

- 19 1. The interests of consumers with respect to prices and the reliability and quality
20 of electricity service.
- 21 2. Where applicable and in a manner consistent with the policies of the
22 Government of Ontario, the promotion of the use of renewable energy sources.

¹ See http://fit.powerauthority.on.ca/Storage/11216_FIT_Contract_Awards_-_Final_List_-_February_24,_2011.pdf
for OPA Announcement of FIT Contract Offer.

² See p. 6 of the Long-Term Energy Plan at http://www.energy.gov.on.ca/docs/LTEP_2013_English_WEB.pdf

IMPACT ON RATE-REGULATED TRANSMITTER

1 Windlectric has received a draft Generator Customer Connection and Cost Recovery Agreement
2 (“CCRA”) from Hydro One Networks Inc., which is expected to be finalized subsequent to
3 Windlectric receiving its final Renewable Energy Approval. The draft CCRA contemplates that
4 Windlectric will be responsible for the costs of certain protection and controls work that needs to
5 be undertaken in support of the interconnection. No network reinforcement work is
6 contemplated on Hydro One’s system and the draft CCRA does not contemplate any work by
7 Hydro One that is not chargeable to Windlectric.

ROUTE AND PHYSICAL DESIGN

1 As indicated, the Proposed Transmission Facilities are required to connect the Generation Project
2 to the Hydro One transmission system. This Exhibit provides a detailed description of the
3 Transmission Line Route, as well as of the location and physical design of the Proposed
4 Transmission Facilities. In addition, to provide context, this Exhibit briefly describes the
5 location and physical design of the Generation Project and its collection system, as well as the
6 Hydro One transmission system to which the Proposed Transmission Facilities will be
7 connected, all of which are ancillary to the Proposed Transmission Facilities but outside the
8 scope of this Application.

9 1. **Wind Generation Facilities and Collection System**

10 The Amherst Island Wind Energy Project will be the source of electricity that will be conveyed
11 along the Proposed Transmission Facilities. The Generation Project will consist of 33 Siemens
12 wind turbine generators, 21 of which will be 2.3 MW and 12 of which will be rated at 2.2 MW,
13 for a total installed capacity of 75 MW, on privately-owned agricultural properties situated on
14 Amherst Island in Loyalist Township, in the County of Lennox and Addington. The electrical
15 output from each wind turbine will be conveyed along a 34.5 kV collection system, largely
16 underground, which will deliver the electricity to the Project Substation. The general location of
17 the project is shown in Figure 1 of Exhibit C, Tab 2, Schedule 1. The location of the Generation
18 Project and collection system on Amherst Island are shown in Figure 2 of Exhibit C, Tab 2,
19 Schedule 1.

20 2. **Proposed Transmission Facilities**

21 The Proposed Transmission Facilities that are the subject of this Application are comprised of
22 the following:

23 (a) **Project Substation Location and Design**

24 The Project Substation will be located on Part Lots 31, 32 and 33, Concession 1 in Loyalist
25 Township, which is approximately 1.3 km southwest of the town of Stella on Amherst Island, as

1 shown in Figures 3(b) and 4(c) of Exhibit C, Tab 2, Schedule 1. The Project Substation will be
2 an open-air facility, surrounded by a security fence, with an area of approximately 0.3 ha. At the
3 Project Substation, electricity conveyed from the Generation Project along the collection system
4 will be transformed from 34.5 kV to 115 kV by means of a 115/34.5 kV, 50/67/84 MVA
5 transformer. The location of the Project Substation was determined based on its proximity to the
6 wind turbines associated with the Generation Project, which minimizes losses on the collection
7 system, as well as to facilitate a relatively short path to the mainland interconnection point.

8 The main components of the Project Substation will be an equipment/control building, cable bus
9 duct, an oil filled transformer rated at 50/67/84 MVA and configured as a grounded wye primary
10 and an ungrounded delta secondary, oil containment system, acoustical abatement, SF6 dead-
11 tank circuit breaker, two load break switches to provide isolation for maintenance of the circuit
12 breaker, a steel A-frame dead-end structure, surge arrestors, and an overhead shield wire system,
13 as further described in the Project Substation layout provided in Exhibit C, Tab 3, Schedule 1 at
14 Figure 7.

15 (b) Transmission Line Location and Design

16 From the Project Substation, a single circuit 115 kV overhead Transmission Line using
17 monopole type steel structures will run northeast from the Project Substation along private
18 properties for approximately 400 m, then north for approximately 500 m to the point where it
19 crosses Front Road and then proceeds for a further 250 m north towards the shoreline. At the
20 shoreline, riser structures will transition the overhead line into a submarine cable. This transition
21 point will include a small fenced station enclosing an A-frame dead-end structure, a non-
22 motorized load-break disconnect switch and pothead terminations of the submarine cable. The
23 submarine cable runs for approximately 4.2 km in a northeast direction along a specific route to a
24 point on the mainland that is approximately 500 m west of the intersection of Bath Road/Hwy 33
25 and Jim Snow Drive. At one point, the submarine cable intersects a submerged air line bubbler
26 system that is designed to keep the ferry channel open year round by preventing ice buildup. The
27 submarine cable will be installed beneath the bubbler system at this point of intersection. From

1 the landing point on the mainland, the Transmission Line continues underground in a concrete
2 encased duct bank for approximately 550 m north, crossing Bath Road/Hwy 33 and terminating
3 at the Switching Station, the location of which is described below. The location and proposed
4 routing for the Transmission Line is depicted in Figures 3 and 4 of Exhibit C, Tab 2, Schedule 1.

5 The overhead segment of the Transmission Line on the island will be constructed using a
6 monopole type design involving approximately 11 steel structures. Where soil conditions and
7 tension requirements permit, these will be direct buried. High and medium angled poles and
8 dead end structures will use concrete foundations and flange mounted towers to avoid guying.
9 The line will be constructed with post type insulators without the use of cross-arms or davit-
10 arms. A sky wire will be used for lightning protection using optical ground wire, which also
11 carries digital communications to the mainland. Illustrations of the proposed pole structures and
12 framing designs are provided in Figure 6 of Exhibit C, Tab 3, Schedule 1.

13 From the island, the marine segment of the Transmission Line will remain buried to a point
14 approximately 10 m from the water's edge. Along this buried segment, the armored submarine
15 cable will be protected by a secondary articulate steel armor jacket. The cable will not be
16 trenched into the lake bottom, but some excavation will be required at the point of intersection
17 with the bubbler system to ensure adequate separation. A similar design will be used where the
18 submarine cable emerges onto the mainland except that on the mainland it will transition into an
19 underground transmission line. Technical illustrations of the key components of the submarine
20 cable, including related vaults and termination structures, are provided in Figures 2 to 5 of
21 Exhibit C, Tab 3, Schedule 1.

22 The underground segments of the Transmission Line, which are situated on the mainland, will
23 involve a buried splice box, from which the submarine cable is broken out into three conductors,
24 plus the fibre optic cable, all of which will run along a concrete encased duct bank to termination
25 potheads in the Switching Station. Installation will be by way of excavation, with the exception
26 of the Highway 33 crossing where a portion of the duct bank will be constructed in a round steel
27 cased horizontal directional bore. See Figure 2 of Exhibit C, Tab 3, Schedule 1.

1 (c) Switching Station Location and Design

2 The Switching Station will be located on Part Lots 23, 24 and 25, Concession 1 in Loyalist
3 Township, which is a former industrial property situated to the west of Jim Snow Drive, between
4 Bath Road/Hwy 33 and Taylor Kidd Blvd, as shown in Figures 3(a) and 4(a) of Exhibit C, Tab 2,
5 Schedule 1. The Switching Station will be an open-air facility, surrounded by a security fence,
6 with an area of approximately 0.14 ha. The Proposed Transmission Facilities will be
7 interconnected with the Hydro One transmission system at a point of interconnection
8 immediately adjacent to the Switching Station.

9 The main components of the Switching Station will be the necessary line protections,
10 teleprotection communication hardware, SPS systems, revenue metering, SCADA interfaces and
11 other equipment needed to comply with applicable technical and regulatory requirements, as
12 further described in the Switching Station layout provided in Exhibit C, Tab 3, Schedule 1 at
13 Figure 1.

14 3. **Rationale for Transmission Line Route and Station Locations**

15 Upon identifying Hydro One's 115 kV circuit Q6S as a suitable point of interconnection, with
16 available transmission capacity being in close proximity to the shoreline, Windlectric's initial
17 objectives in route selection were to identify a mainland position for the submarine cable landing
18 in close proximity to the point of interconnection and on a property with a willing host, as well
19 as to identify an island position for the submarine cable landing with suitable marine topography,
20 on a property with a willing host, and in close proximity to the mainland cable landing. With
21 respect to suitable marine topography, it was important to find a location with a gradual slope in
22 the lakebed leading to the shore. As this aspect of marine topography had already been
23 considered when reviewing locations suitable for the marine barging of equipment, the location
24 of the island cable landing point was known to the Applicant.

25 Upon determining the locations of the mainland and island cable landing points, the
26 determination of routing for the submarine segment of the Transmission Line became a matter of

1 identifying the most direct route between these two points, having regard for marine
2 topographical features and the location of existing utilities running along the lakebed in the area.
3 Maps showing the locations of existing utilities on the island and mainland are provided in
4 Figures 5(a) and (b) of Exhibit C, Tab 2, Schedule 1 and a map showing the locations of existing
5 submarine utilities in the project area is provided in Figure 5(c) of Exhibit C, Tab 2, Schedule 1.

6 The location of the Project Substation was identified based on it being situated centrally relative
7 to the turbine sites which are spread out across Amherst Island. This was important in order to
8 minimize line losses on the 34.5 kV collection system. In addition, it was important for the
9 Project Substation to be situated in close proximity to the submarine cable landing point on the
10 shore of the island in order to minimize the length of the overhead segment of the Transmission
11 Line on the island. Once the Project Substation location was identified, the routing for the
12 overhead segment of the Transmission Line on the island was selected because it allows for the
13 line to be situated on properties with landowners that are willing hosts and with whom the
14 Applicant has already entered into option agreements in connection with the project. Moreover,
15 the routing along this segment avoids the need to run the Transmission Line along municipal
16 road rights-of-way, other than one perpendicular crossing of Front Road.

17 The location of the Switching Station was identified based on it being adjacent to the terminus of
18 Hydro One's circuit Q6S and in close proximity to the submarine cable landing point on the
19 mainland. Moreover, the property on which the Switching Station is situated has common
20 ownership with the property on which the submarine cable landing point on the mainland is
21 situated. In respect of both of these properties, the owner is a willing host. The routing for the
22 Transmission Line between the Switching Station and the submarine cable landing point on the
23 mainland was selected as it is the most direct route and it runs along an existing access road on
24 the property. This segment of the line will be constructed underground at the request of the
25 landowner.

1 4. **Hydro One Transmission Facilities**

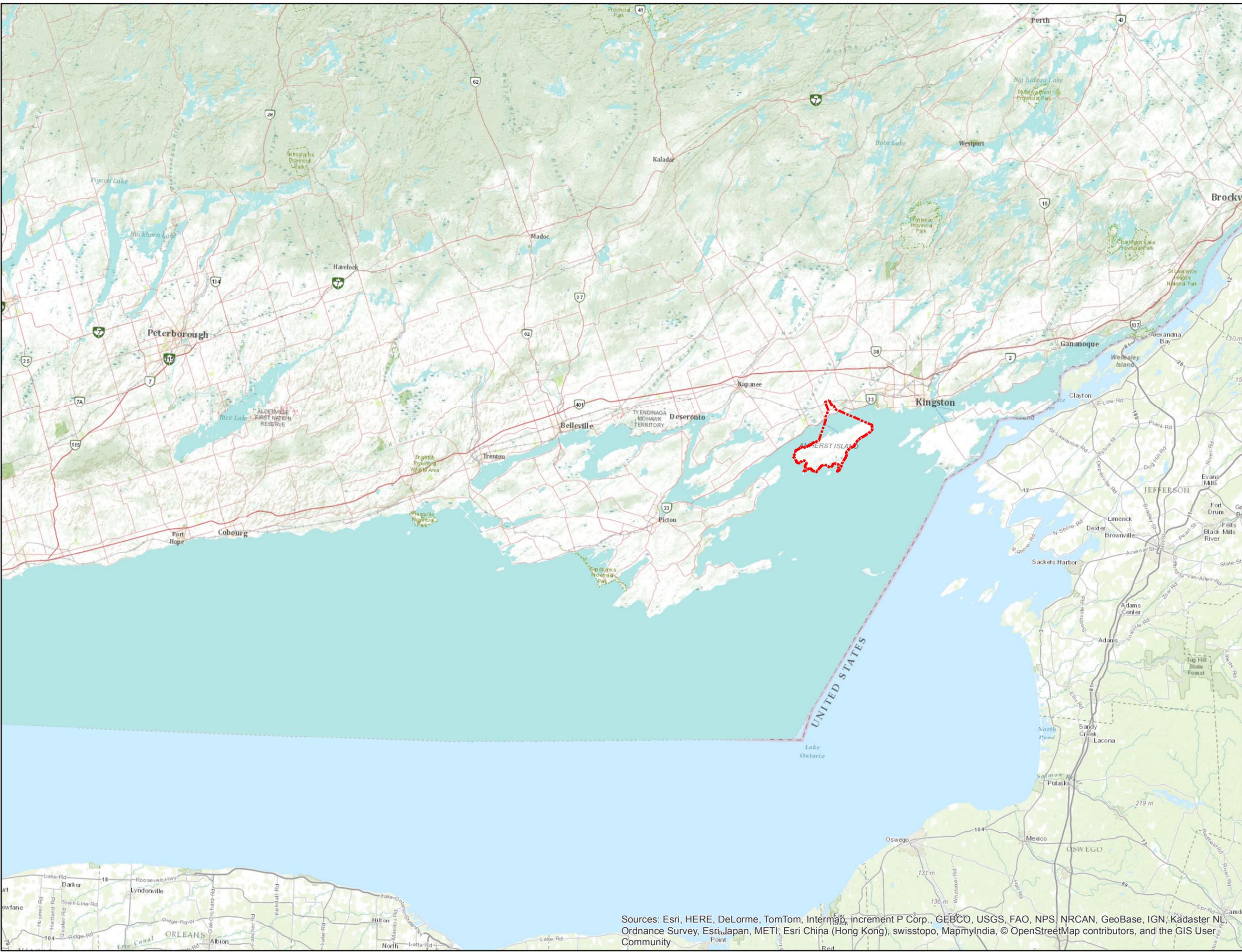
2 The Switching Station will connect the Generation Project and the Proposed Transmission
3 Facilities to Hydro One's existing 115 kV circuit Q6S, at a point of interconnection located
4 approximately 20 km from Cataraqi TS. On its side of the ownership demarcation point, it is
5 anticipated that Hydro One will install poles with tap connectors under each of the phases of
6 circuit Q6S to a point just outside of the Switching Station. A mid-span opener will be installed
7 on the tap connections, which will be the ownership demarcation point.

MAPS

The following maps are provided in this schedule:

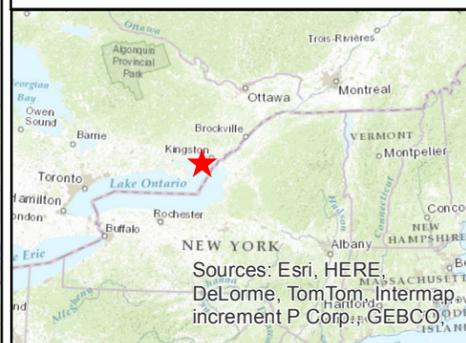
- | | |
|----------|--|
| Figure 1 | General Project Location Map |
| Figure 2 | Generation Project Map |
| Figure 3 | Proposed Transmission Facilities Maps |
| | (a) Routing from Switching Station to Submarine Cable |
| | (b) Routing from Submarine Cable to Project Substation |
| Figure 4 | Aerial Photos |
| | (a) Routing from Switching Station to Submarine Cable |
| | (b) Submarine Cable Routing |
| | (c) Routing from Submarine Cable to Project Substation |
| Figure 5 | Existing Utilities Maps |
| | (a) Island Utilities |
| | (c) Mainland Utilities |
| | (b) Submarine Utilities |

Figure 1 - General Project Location Map

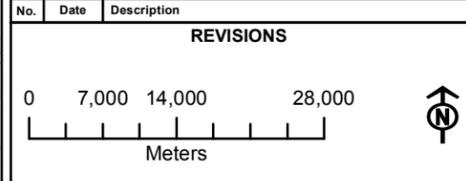


Legend

 Project Study Area



No.	Date	Description



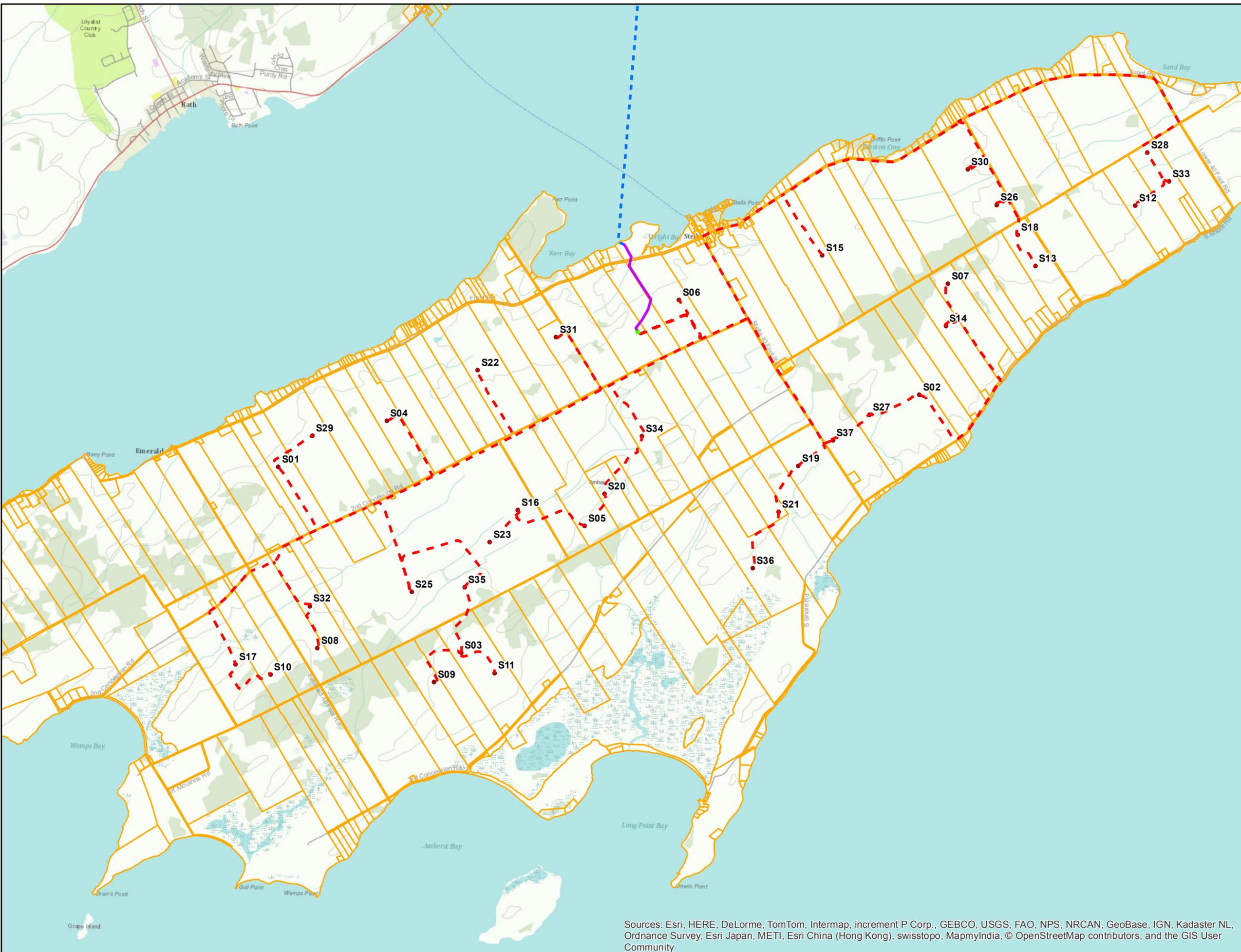
AMHERST ISLAND WIND PROJECT

TITLE: AMHERST ISLAND PROJECT LOCATION

DATUM/PROJECTION: NAD83/UTM ZONE 18N	SCALE: 1:683,000
DRAWN BY: C DOUGAN	DATE: June 2, 2014
DRAWING No. AMHST - 189	REVISION No. 0

Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Figure 2 - Generation Project Map



- ### Legend
-  Overhead Transmission Line
 -  Submarine Transmission Line
 -  Project Substation
 -  Collector Lines
 -  Turbine Locations
 -  Property Parcels



No.	Date	Description
REVISIONS		

0 500 1,000 2,000 Meters



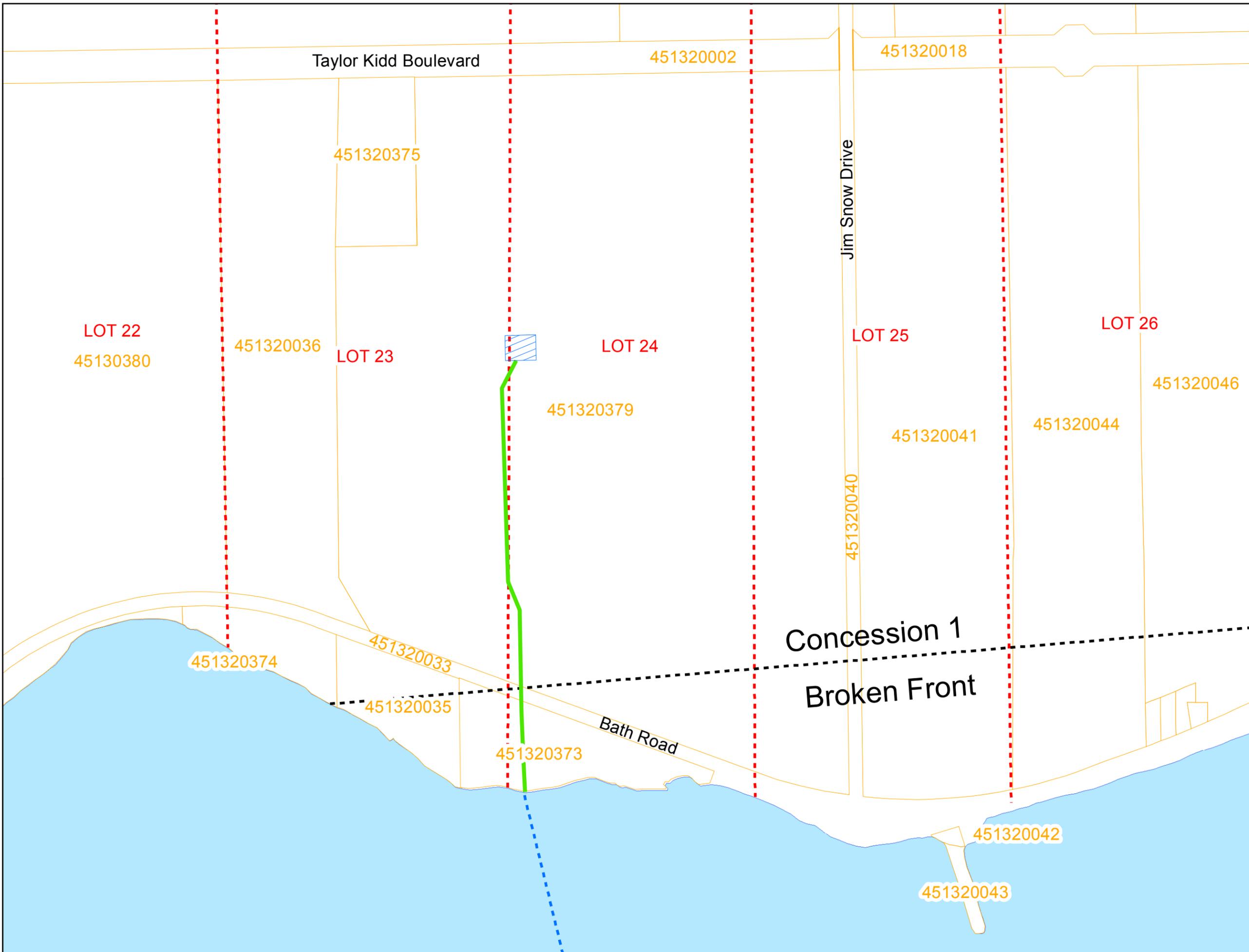

AMHERST ISLAND WIND PROJECT

TITLE: AMHERST ISLAND PROJECT MAP

DATUM/PROJECTION: NAD83/UTM ZONE 18N	SCALE: 1:40,000
DRAWN BY: C DOUGAN	DATE: July 24, 2014
DRAWING No. AMHST - 190	REVISION No. 0

Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Figure 3(a) - Proposed Transmission Facilities Map
Routing from Switching Station to Submarine Cable



Legend

- Switching Station
- Underground Transmisson Line
- Submarine Transmission Line
- Concession Line
- Lot Line
- Property Parcels
- Waterbodies

Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P, Corp., GEBCO,

No.	Date	Description
REVISIONS		

0 50 100 200 Meters

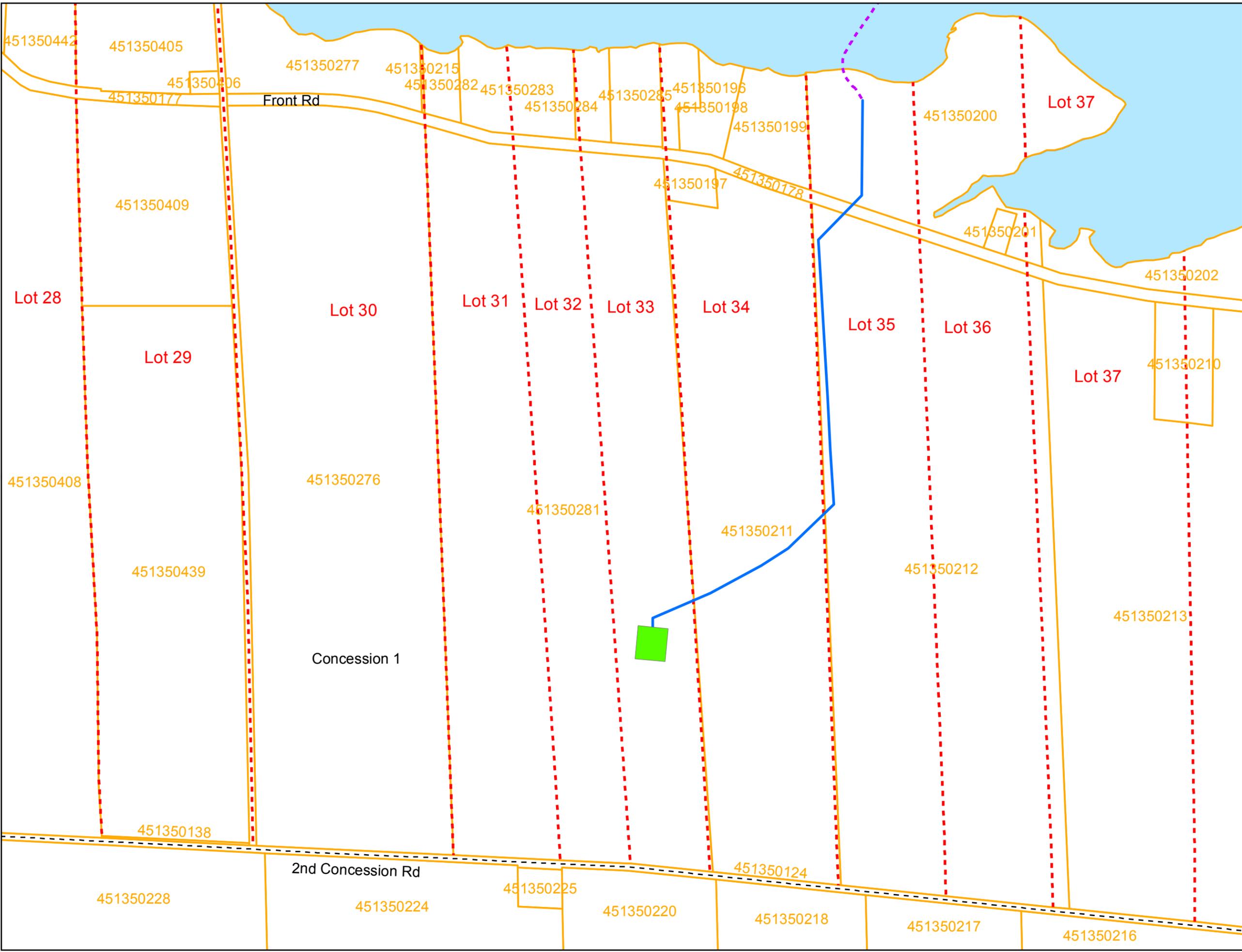
Algonquin
ALGONQUIN POWER Co.

AMHERST ISLAND WIND PROJECT

TITLE:
AMHERST MAINLAND SWITCHING STATION

DATUM/PROJECTION: NAD83/UTM_ZONE 18N	SCALE: 1:5,000
DRAWN BY: C DOUGAN	DATE: July 28, 2014
DRAWING No. AMHST - 191	REVISION No. 0

Figure 3(b) - Proposed Transmission Facilities Map
Routing from Submarine Cable to Project Substation



Legend

- Project Substation
- Overhead Transmission Line
- Submarine Transmission Line
- Lot Line
- Concession Line
- Property Parcels
- Waterbodies



No.	Date	Description
REVISIONS		

0 50 100 200 Meters



AMHERST ISLAND WIND PROJECT

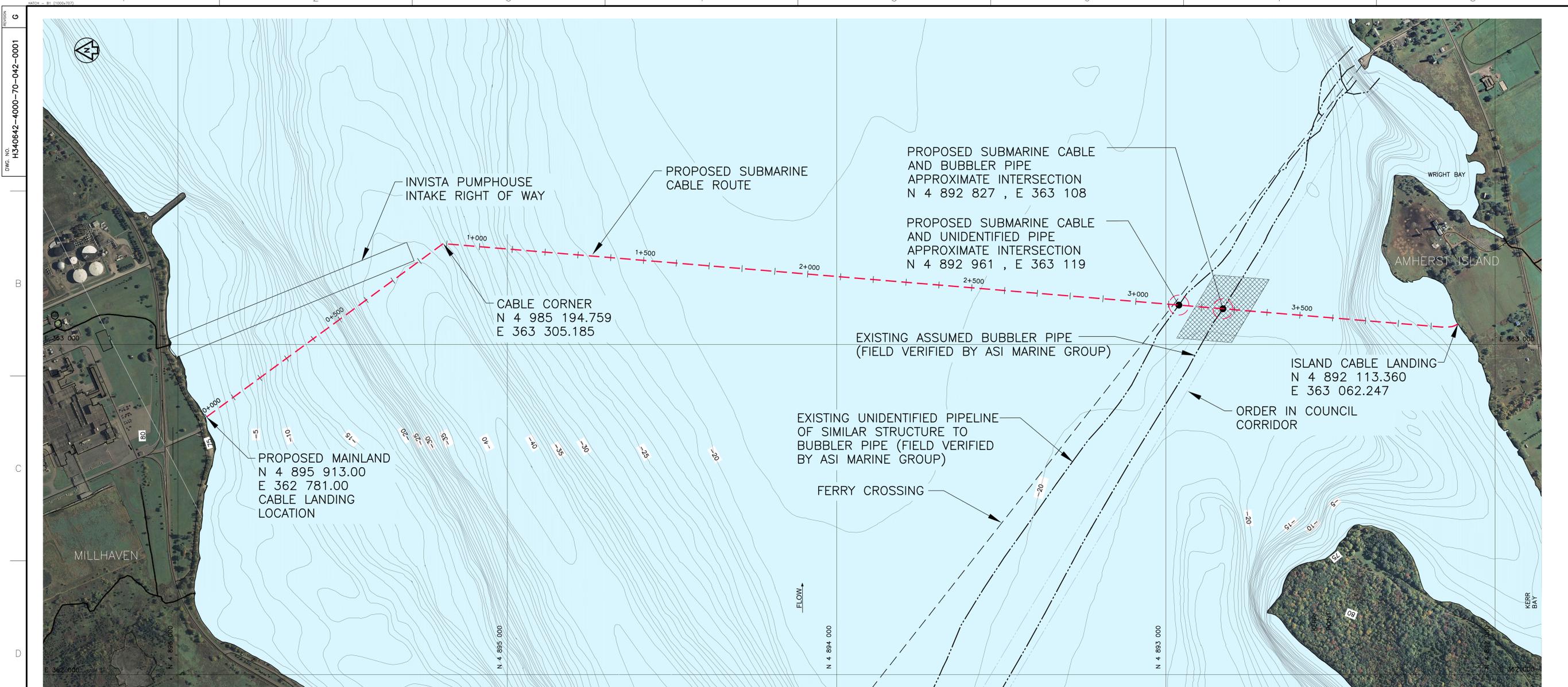
**TITLE:
AMHERST ISLAND SUBSTATION**

DATUM/PROJECTION: NAD83/UTM ZONE 18N	SCALE: 1:6,000
DRAWN BY: C DOUGAN	DATE: July 30, 2014
DRAWING No. AMHST - 192	REVISION No. 0

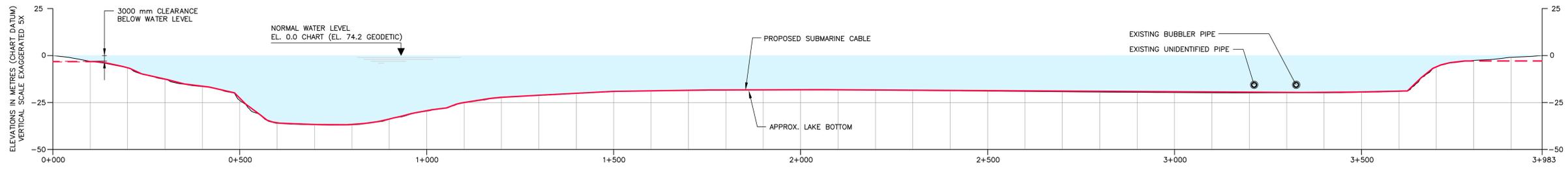
Figure 4(a) - Aerial Photo

Routing from Switching Station to Submarine Cable

Figure 4(b) - Aerial Photo
Submarine Cable Routing



PLAN



CABLE PATH SECTION



PRELIMINARY
NOT FOR CONSTRUCTION

MINISTRY OF ENVIRONMENT, ONTARIO BASE MAPS	AMHST-105	AMHERST ISLAND LAKE BED CONTOURS	GH11-022	M-CABLE ENTRY_SHT 1 & 2; M-BARGE LAND_SHT 1 & 2; BY ASI GROUP		
DRAWING NO.	DRAWING TITLE					
REFERENCE DRAWINGS						
CIVIL	ELECTRICAL	MECHANICAL	GEOTECHNICAL	HYDROTECHNICAL	ARCHITECTURAL	OTHER

- NOTES:**
- HORIZONTAL DATUM - UTM (NAD 83) ZONE 18 AND IS IN METRES.
 - VERTICAL DATUM - BATHYMETRY IS IN METRES, TO CHART DATUM. TOPOGRAPHY IS TO GEODETIC DATUM, REFERENCED TO BE 74.2m ABOVE CHART DATUM.
 - BUBBLER PIPE PATHS PROVIDED BY ASI FIGURE: AMHERST ISLAND PROPOSED CABLE ROUTE AND BUBBLER LINE LOCATE PLAN VIEW. - MAY 11, 2012.
 - CABLE PATH SECTION ILLUSTRATES CABLE UNDERNEATH BUBBLER AND UNIDENTIFIED PIPES.
 - HATCHED AREA INCLUDES ORDER IN COUNCIL AND 40m ON BOTH SIDES.

LEGEND:

	HATCHED AREA AT INTERSECTION OF PROPOSED SUBMARINE CABLE AND EXISTING BUBBLER PIPE REPRESENTS THE "CROSSING AREA" (WIDTH OF ORDER IN COUNCIL PLUS 40m ON EITHER SIDE, 100m EACH SIDE OF CABLE ROUTE). APPROXIMATE BOUNDARY COORDINATES ARE: E 363 211 , N 4 892 853 E 363 197 , N 4 892 886 E 363 006 , N 4 892 801 E 363 019 , N 4 892 967
	SUBMARINE CABLE

NO.	DESCRIPTION	CHK'D	APP'D	DATE
E	CHANGED SUBMARINE CABLE ROUTE			14-02-21
D	MTO EASEMENT TO ORDER IN COUNCIL AND WIDENED	JM	RS	13-11-25
C	CABLE ROUTING REVISED	JM	RS	13-11-04
B	UPDATED CABLE, BUBBLER AND FERRY ROUTING	GM	RS	12-05-16

REV.	ISSUE FOR	AUTH. BY	DATE	
G	FOR REGULATORY PURPOSES	LM	BL	14-03-31
F	FOR REGULATORY PURPOSES	LM	BL	14-03-26
E	ISSUED FOR CLIENT REVIEW	RS	JM	14-02-21
D	ISSUED FOR CLIENT REVIEW	RS	JM	13-11-25
C	ISSUED FOR CLIENT REVIEW	RS	JM	13-11-04
B	ISSUED FOR CLIENT REVIEW	RS	JM	12-05-16
A	ISSUED FOR CLIENT REVIEW	RS	JM	12-04-18

HATCH		DESIGNED BY: L. MONTEAN	DRAWN BY: S. GRAHAM
Amherst Island Wind Project		CHECKED BY: B. LACKENBAUER	DATE: 14-03-31
SUBMARINE CABLE PLAN AND SECTION		PROJ. DES. COORD.: B. LACKENBAUER	DATE: 14-03-31
SCALE: AS SHOWN	DRAWING NO: H340642-4000-70-042-0001	ISSUE AUTHORIZATION	DATE: 14-03-31

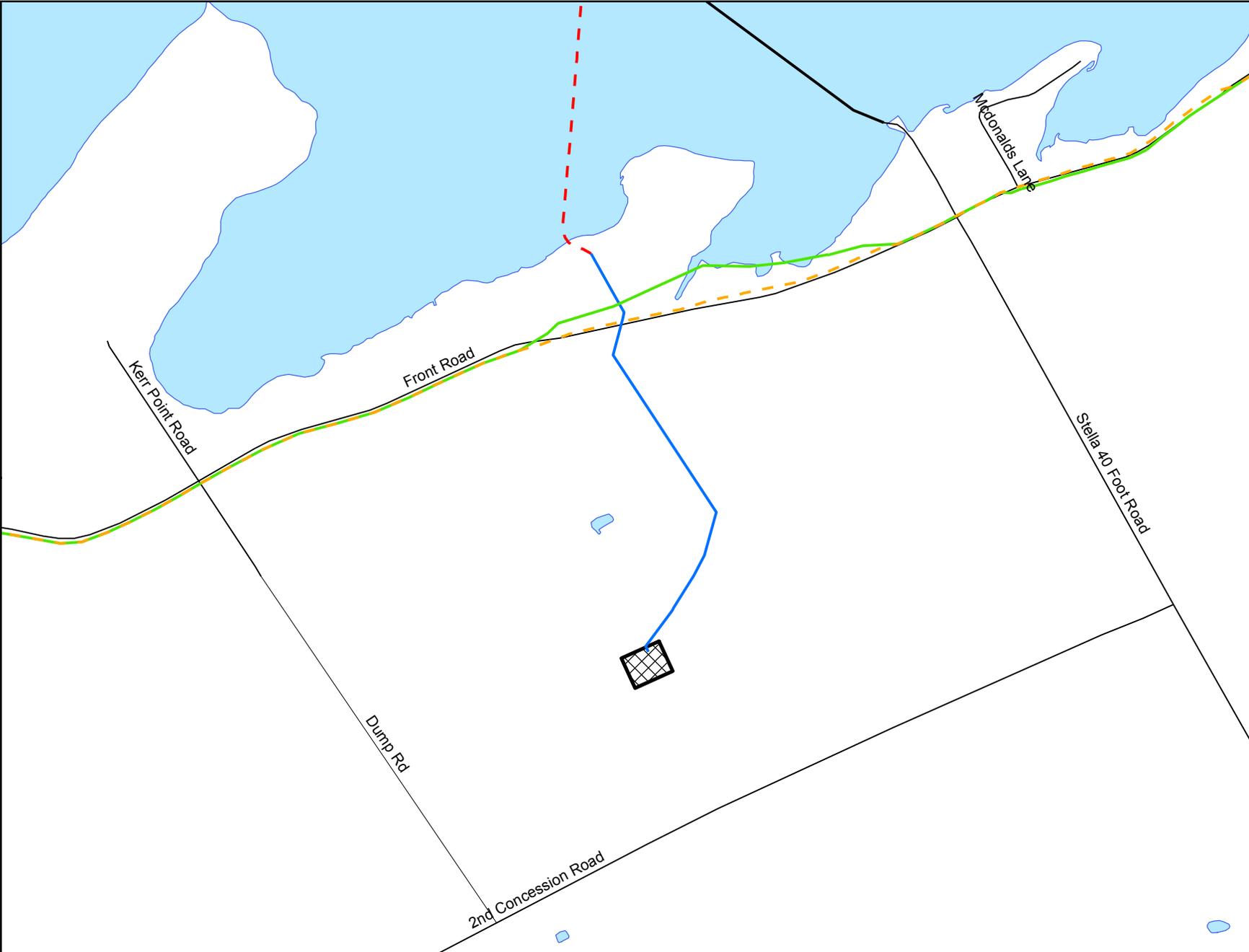
Mar 31, 2014, 2:53pm
 Login name: mont108875
 Drawing Name: P:\ALDO\001\340642\CA0\CA0\H340642-4000-70-042-0001.dwg
 Layout: Layout1

Figure 4(c) - Aerial Photo

Routing from Submarine Cable to Project Substation

Figure 5(a) - Existing Utilities Map

Island Utilities



- Legend**
- Bell Telephone Line
 - HONI Distribution Line
 - Proposed Transmission Line (Overhead Segment)
 - Proposed Transmission Line (Submarine Segment)
 - Substation Area
 - Waterbodies



No.	Date	Description
REVISIONS		



**AMHERST ISLAND
WIND PROJECT**

**Existing Utilities
(Island)**

DATUM/PROJECTION: NAD83/UTM ZONE 18N	SCALE: 1:13,120
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DRAWN BY: C DOUGAN	DATE: Aug 28, 2014
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DRAWING No. AMHST-226	REVISION No. 0
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Figure 5(b) - Existing Utilities Map

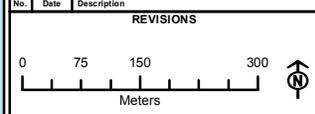
Mainland Utilities



- Legend**
- Bell Telephone Line
 - HONI Distribution Line
 - HONI Transmission Line
 - Proposed Transmission Line (Underground Segment)
 - Proposed Transmission Line (Submarine Segment)
 - Switching Station
 - Waterbodies



No.	Date	Description



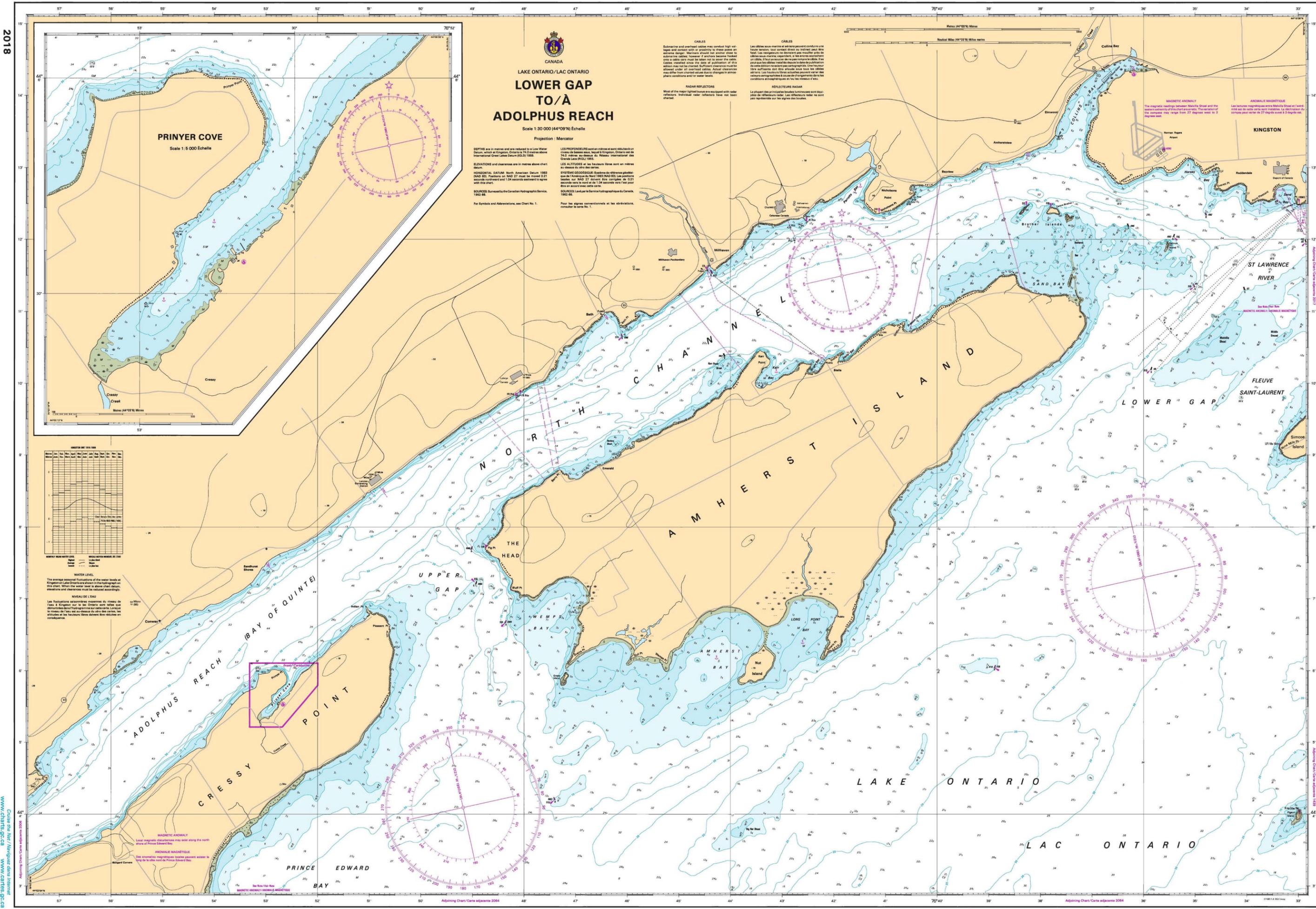
**AMHERST ISLAND
WIND PROJECT**

**Existing Utilities
(Mainland)**

DATUM/PROJECTION: NAD83/UTM ZONE 18N		SCALE: 1:9,570	
DRAWN BY: C DOUGAN		DATE: Aug 28, 2014	
DRAWING No. AMHST-227		REVISION No. 0	

Figure 5(c) - Existing Utilities Map

Submarine Utilities



LAKE ONTARIO / LAC ONTARIO LOWER GAP TO / À ADOLPHUS REACH

Scale 1:30 000 (44°09'N) Echelle
Projection : Mercator

DEPTHS are in metres and are reduced to a Low Water Datum, which at Kingston, Ontario is 24.0 metres above International Chart Datum (ICD) 1985.

ELEVATIONS and clearances are in metres above chart datum.

HORIZONTAL DATUM: North American Datum 1983 (NAD 83). Positions on RAD 27 must be moved 0.21 seconds westward and 1.04 seconds eastward to agree with this chart.

SOURCES: Surveyed by the Canadian Hydrographic Service, 1962-68.

LES PROFONDEURS sont en mètres et sont réduites à un niveau de basse mer, lequel à Kingston, Ontario est de 24,0 mètres au-dessus du Niveau International des Grands Lacs (NIGL) 1985.

LES ÉLEVATIONS et les hauteurs libres sont en mètres au-dessus du zéro des cartes.

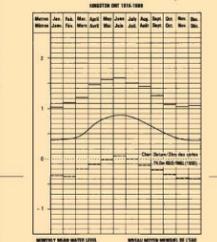
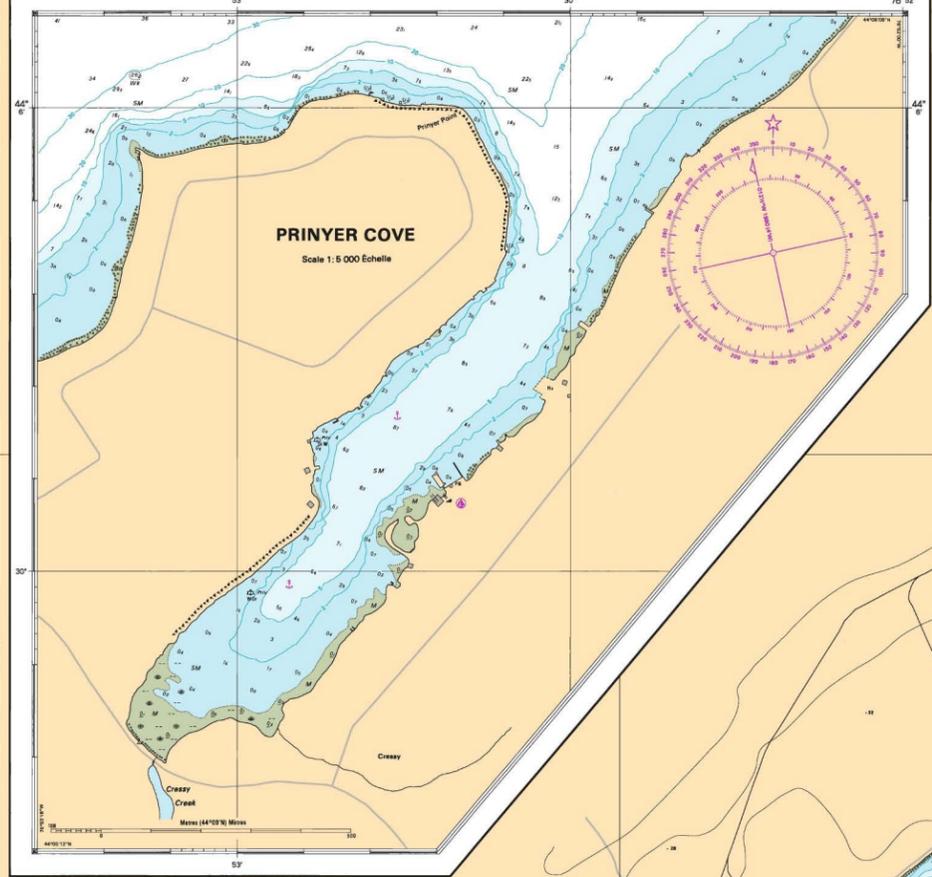
SYSTÈME GÉODÉSIQUE: Système de coordonnées géographiques de l'Amérique du Nord 1983 (NAD 83). Les positions indiquées sur RAD 27 doivent être corrigées de 0,21 seconde vers le nord et de 1,04 seconde vers l'est pour être en accord avec cette carte.

SOURCES: Levés par le Service hydrographique du Canada, 1962-68.

For Symbols and Abbreviations, see Chart No. 1. Pour les signes conventionnels et les abréviations, consulter la carte No. 1.

CABLES
Submarine and overhead cables may conduct high voltage and contact with or proximity to these poses an extreme danger. Mariners should not anchor close to submarine cables; however, if anchors become hooked onto a cable they must be hauled out to clear the cable. Cables installed since the date of publication of this edition may not be charted. Surface clearance must be allowed under all overhead cables. Actual clearances may differ from charted values due to changes in atmospheric conditions and/or water levels.

REFLECTEURS RADAR
Le plupart des principales bouées lumineuses sont équipées de réflecteurs radar. Les réflecteurs radar ne sont pas représentés sur les signes des bouées.



WATER LEVEL
The average seasonal fluctuations of the water levels at Kingston on Lake Ontario are shown in the hydrograph on this chart. When the water level is above chart datum, elevations and clearances must be reduced accordingly.

NIVEAU DE L'EAU
Les fluctuations saisonnières moyennes du niveau de l'eau à Kingston sur le lac Ontario sont indiquées sur le diagramme des hauteurs d'eau sur cette carte. Lorsque le niveau de l'eau est au-dessus du zéro des cartes, les hauteurs libres doivent être réduites en conséquence.

MAGNETIC ANOMALY
Local magnetic disturbance may exist along the north shore of Prince Edward Bay.

ANOMALIE MAGNÉTIQUE
Une perturbation magnétique locale pourrait exister le long de la rive nord de Prince Edward Bay.

Color the Map / Naviguez dans l'imprimé
WWW.CHARTS.GCSA
WWW.CHARTS.GCSA

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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DRAWINGS & ILLUSTRATIONS

The following drawings, station layouts and technical illustrations are included in this schedule:

Figure 1	Switching Station Arrangement
Figure 2	Mainland Submarine Cable Landing and Duct Bank Details/Profile
Figure 3	Submarine Cable Typical Vault Details (Mainland)
Figure 4	Submarine Cable Island Termination and Overhead Line Structure
Figure 5	Submarine Cable Typical Vault Details (Island)
Figure 6	Transmission Line Pole Details
Figure 7	Project Substation Plan and Elevation

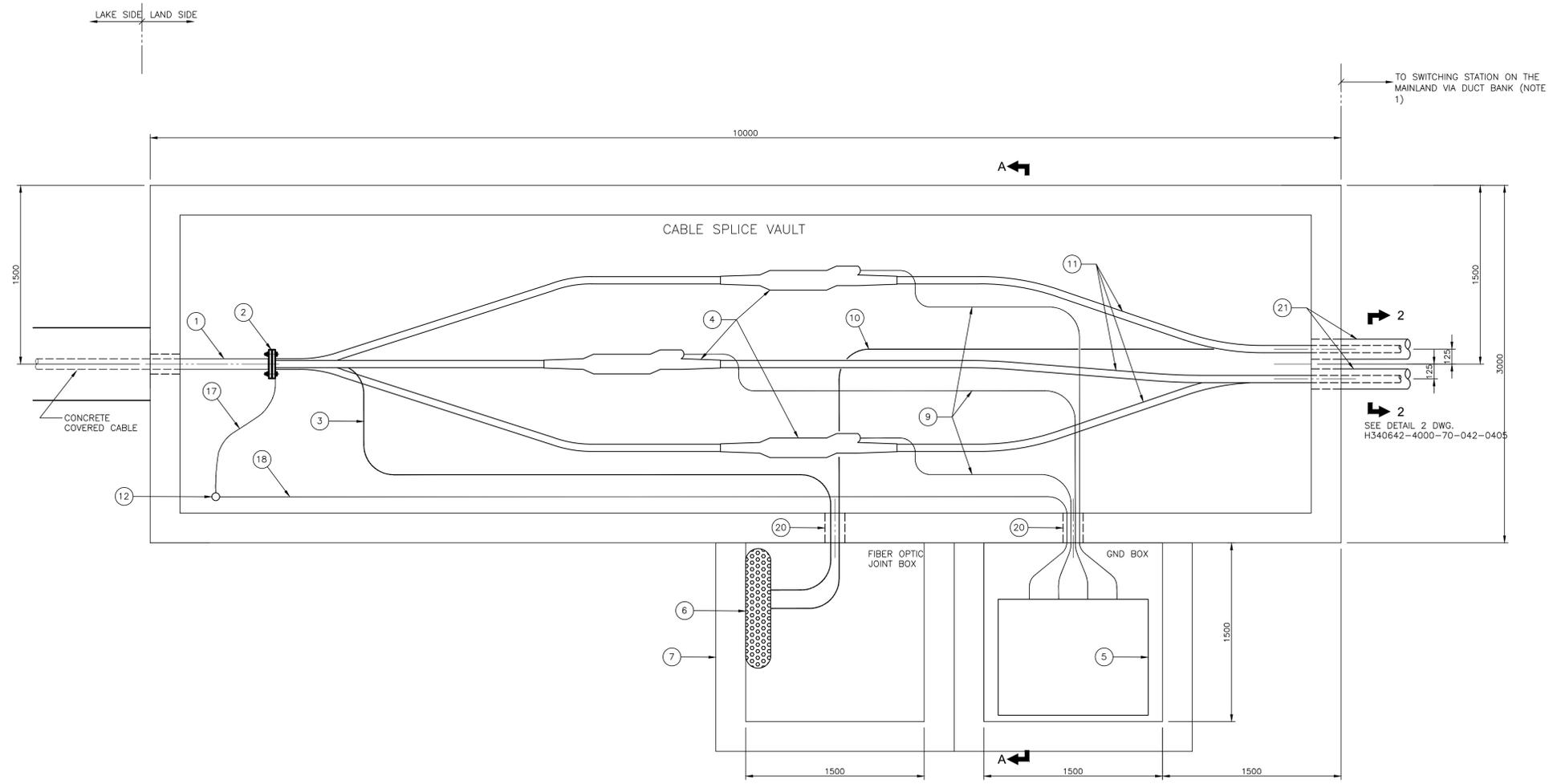
Figure 1
Switching Station Arrangement

Figure 2

Mainland Submarine Cable Landing and Duct Bank Details/Profile

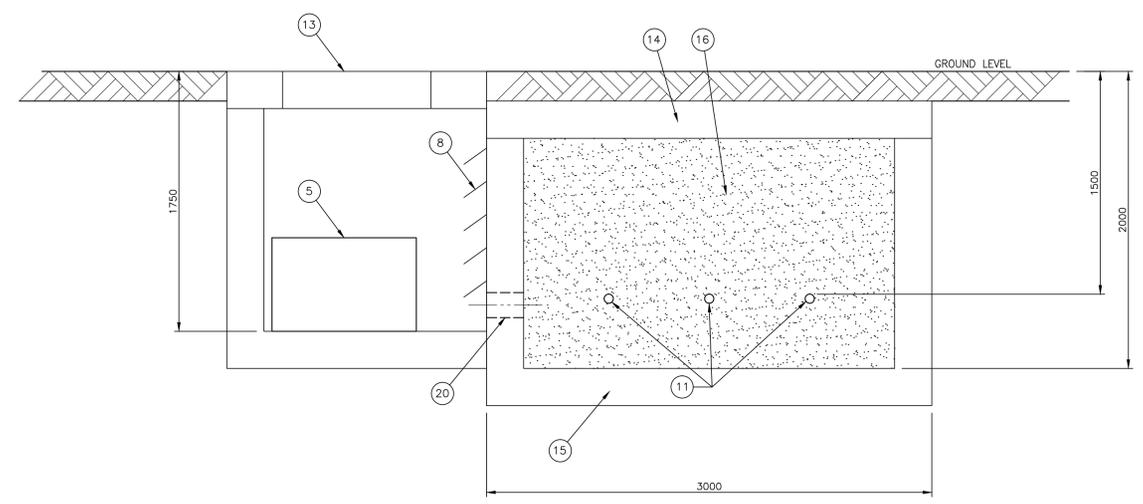
Figure 3
Submarine Cable Typical Vault Details (Mainland)

DWG. NO. H340642-4000-70-035-0001
 REVISION B

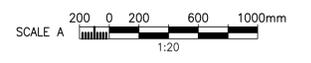


ITEM	DESCRIPTION
1	115KV SUBMARINE POWER CABLE
2	ARMOUR TERMINATION GROUNDING AND CORE SEPARATION
3	FIBER OPTIC ELEMENT
4	TRANSITION JOINT
5	GROUNDING LINK BOX
6	FIBER OPTIC FIBER BOX
7	CONCRETE PIT
8	STAIRS
9	BONDING LEAD, COAX CABLE 1 x 4/0 / 4/0 AWG
10	ONSHORE FIBER OPTIC CABLE
11	115KV ONSHORE SINGLE CORE POWER CABLE, 750 kcmil AL, CONDUCTOR
12	GROUND ROD
13	MANHOLE ENTRANCE
14	CONCRETE COVER
15	CONCRETE PIT
16	FINE SAND, SAME THERMAL PROPERTIES AS THE BACKFILLING USED IN THE TRENCH OUTSIDE CABLE SPLICE VAULT
17	BONDING LEAD FOR ARMOUR WIRES, 4/0 AWG
18	INSULATED BONDING LEAD, 4/0 AWG
19	HDPE PIPE 415mm DIA.
20	CABLE BUSHING
21	6" PVC CONDUIT SCH. 40

PLAN VIEW - CABLE SPLICE VAULT



SECTION A-A



NOTES:
 1. REFER TO DRAWING H340642-4000-70-042-0405 FOR DUCT BANK DETAIL.

PRELIMINARY
 NOT FOR CONSTRUCTION

THIS DRAWING IS FOR ESTIMATING USE ONLY
 ALL RATINGS AND SIZES OF EQUIPMENT, CONCRETE, STEEL, AND MATERIALS SHOWN ON THIS DRAWING ARE APPROXIMATIONS ONLY AND MUST NOT BE CONSIDERED AS FINAL DESIGN REQUIREMENTS.
DO NOT USE FOR CONSTRUCTION

DRAWING NO.	DRAWING TITLE
H340642-4000-70-042-0405	MAINLAND SUBMARINE CABLE LANDING AND DUCT BANK DETAILS & PROFILE

NO.	DESCRIPTION	CHK'D	APP'D	DATE

REV.	ISSUE FOR	AUTH. BY	DATE
B	FOR REGULATORY PURPOSES	LM	2014-03-28
A	ISSUED FOR CLIENT REVIEW	CWC	2014-03-14

DESIGNED BY C. WONG CHOR	DRAWN BY J. COLEMAN
CHECKED BY B. LACKENBAUER	DATE
PROJ. DES. COORD. M. MORGENTHAU	PROJECT NUMBER H-340642

HATCH

Windelectric Inc.
 Amherst Island Wind Energy Project

115kV SUBMARINE CABLE TYPICAL VAULT DETAILS MAINLAND

SCALE: 1:20
 DRAWING NO: H340642-4000-70-035-0001

Figure 4

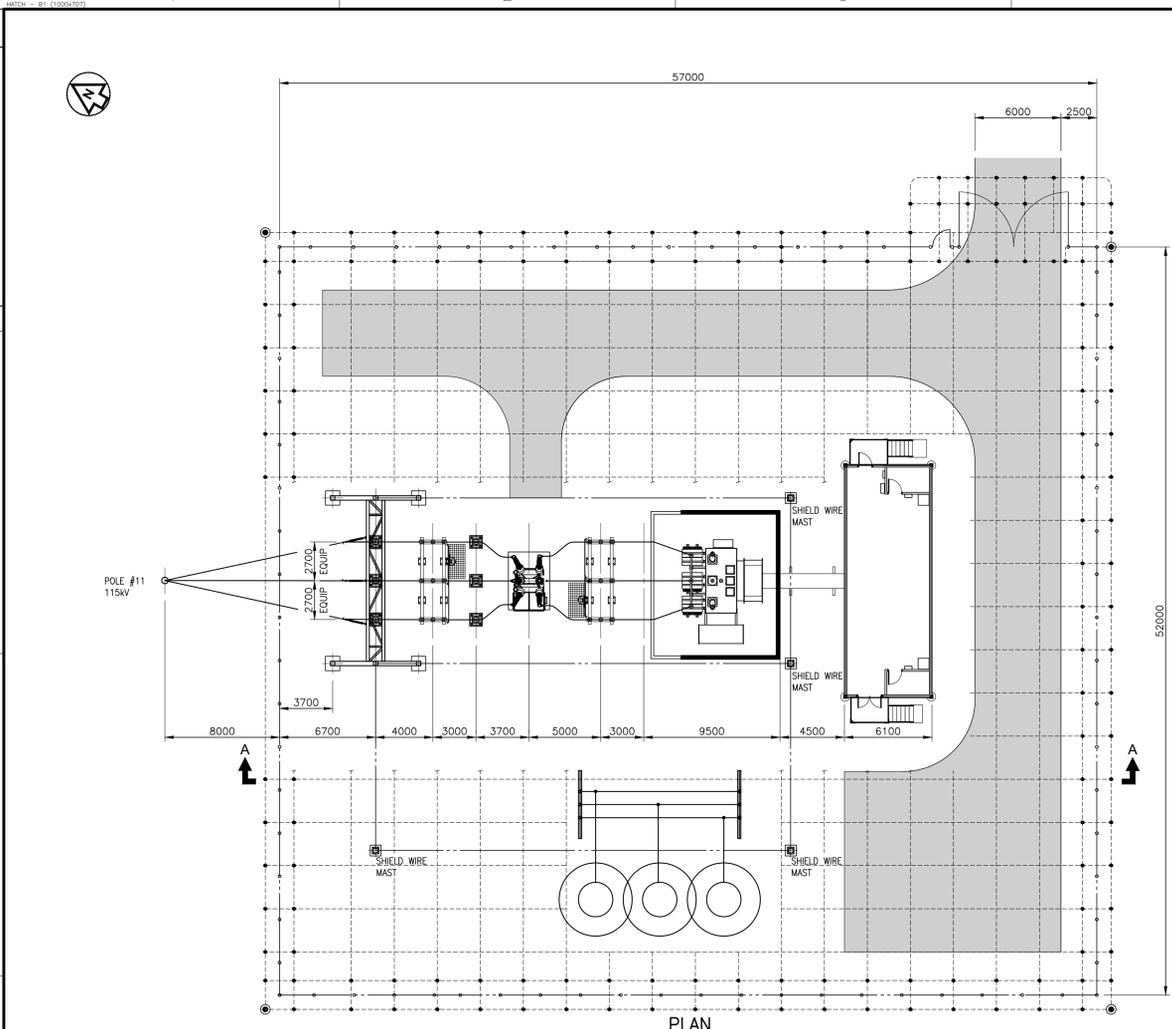
Submarine Cable Island Termination and Overhead Line Structure

Figure 5
Submarine Cable Typical Vault Details (Island)

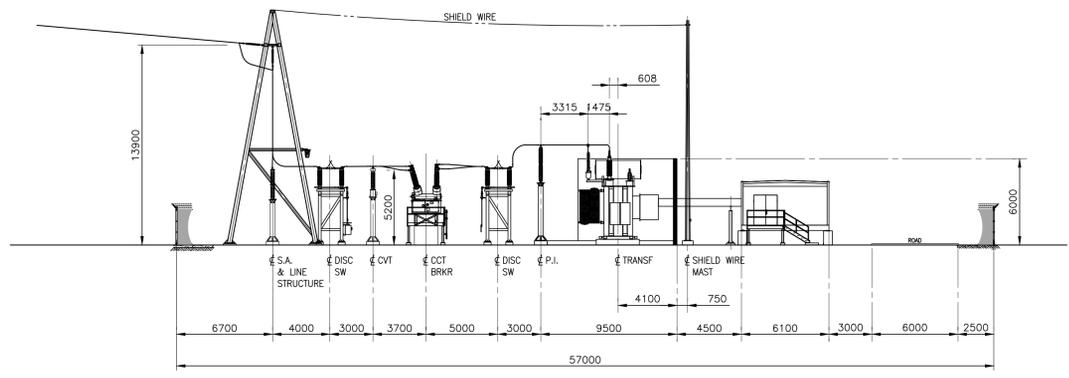
Figure 6
Transmission Line Pole Details

Figure 7
Substation Plan and Elevation

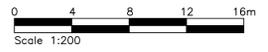
Mar 26, 2014, 11:14am Login name: mod100875 Layout: Layout1
 Drawing Name: P:\ALC\000\40642\3000\70-042-0001.dwg



PLAN



SECTION A-A



NOTES:
 1. GROUNDING OF ELECTRICAL APPARATUS IS NOT SHOWN.
 2. FINAL EXTENT OF GROUND GRID WILL BE DETERMINED AFTER GEOTECHNICAL INVESTIGATION.

PRELIMINARY
 NOT FOR CONSTRUCTION

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DRAWING NO.	DRAWING TITLE
REFERENCE DRAWINGS	
CIVIL	ELECTRICAL
MEDICAL	GEOTECHNICAL
HYDROTECHNICAL	ARCHITECTURAL
OTHER	

NO.	DESCRIPTION	CHK'D	APP'D	DATE
REVISIONS				

REV.	ISSUE FOR	AUTH. BY	DATE
ISSUE AUTHORIZATION			

B	FOR REGULATORY PURPOSES	LM	BL	14-03-26
A	ISSUED FOR CLIENT REVIEW	LM	BL	14-03-14

DESIGNED BY L. MONTEAN	DRAWN BY L. MONTEAN
CHECKED BY H. WITT	DISCIP. ENGR. B. LACKENBAUER
PROJ. MGR. M. MORGENROTH	PROJ. ENGR.

Amherst Island Wind Energy Project

34.5kV - 115kV
AMHERST ISLAND SUBSTATION
PLAN AND ELEVATION

SCALE	DRAWING NO.	REVISION
AS SHOWN	H340642-3000-70-042-0001	B

OPERATIONAL DETAILS

1 To guide the operation and maintenance of the project, including the Proposed Transmission
2 Facilities, an operations and maintenance manual will be developed. The day-to-day operation
3 of the Proposed Transmission Facilities, along with the associated generation facilities, will be
4 carried out by Algonquin Power using a dedicated team of operations staff that will be
5 responsible for carrying out such activities. These staff will be able to work from an
6 equipment/control building located within the Project Substation on Amherst Island and will be
7 available on a 24/7 basis to respond to operational requests or emergencies. Operators will be
8 trained and operating procedures will be established in accordance with guidelines published by
9 the North American Electric Reliability Corporation (“NERC”) and the Northeast Power
10 Coordinating Council (“NPCC”), as well as with IESO requirements under the Market Rules.

11 Switching operations and any other operations requiring operator presence at the Project
12 Substation or elsewhere at the project site will be performed by a local operator that is capable of
13 responding within the necessary timeframe as required by the Connection Agreement that
14 Windlectric will enter into with Hydro One Networks Inc.

15 An IESO-compliant metering installation will be installed at the Switching Station on the
16 mainland by a licensed Metering Service Provider. A metering plan based on this design will be
17 submitted to the OPA as required under the FIT Contract.

18 Day-to-day routine maintenance activities, such as snow clearing, vegetation control and clean-
19 up will likely be provided by local contractors and/or Algonquin Power staff. While Algonquin
20 Power staff will perform some of the basic maintenance work on the 115 kV equipment,
21 specialized tasks that Algonquin Power staff cannot perform will be contracted out to
22 appropriately qualified contractors. For instance, testing on the 115 kV equipment will be
23 contracted out to a suitable contractor qualified to do such work on high voltage lines, of which
24 there are several that regularly do work in Ontario. With respect to emergency management and
25 response, Windlectric will develop and implement a plan and related protocols based on the

- 1 standard form of emergency plan used at all Algonquin Power related facilities, with
- 2 modifications as needed to address site-specific features.

LAND MATTERS

1 1. **Land Area and Land Rights Acquired**

2 The land area required for the Proposed Transmission Facilities consists of (a) the lands required
3 for the Project Substation, (b) the lands required for the Transmission Line, and (c) the lands
4 required for the Switching Station. These land requirements are described in the sections below.

5 (a) Project Substation

6 As described in Exhibit B, Tab 2, Schedule 1, the Project Substation will have a footprint of
7 approximately 0.3 ha and will be situated on Part Lots 31, 32 and 33, Concession 1 in Loyalist
8 Township, which is approximately 1.3 km southwest of the town of Stella on Amherst Island, as
9 shown in Figures 3(b) and 4(c) of Exhibit C, Tab 2, Schedule 1. This property is comprised of a
10 single, privately owned parcel of agricultural land. Windlectric has entered into an option to
11 lease the relevant property, which will support the Project Substation, as well as any ancillary
12 buildings, equipment and cables required in this location. This option to lease, which also covers
13 a portion of the overhead Transmission Line, requires an amendment to reflect the final project
14 design. Windlectric has been in discussion with the relevant landowner and it is anticipated that
15 the amendment will be executed shortly.

16 (b) Transmission Line

17 Also as described in Exhibit B, Tab 2, Schedule 1, the Transmission Line will be approximately
18 5.9 km in total length. From the Project Substation, it will run along private properties northeast
19 for approximately 400 m, then north for approximately 500 m to the point where it crosses Front
20 Road and then proceeds for a further 250 m north towards the shoreline. At the shoreline, riser
21 structures will transition the overhead line into a submarine cable, which will run for
22 approximately 4.2 km in a northeast direction to a point on the mainland that is approximately
23 500 m west of the intersection of Bath Road/Hwy 33 and Jim Snow Drive. From this point on
24 the mainland, the Transmission Line will continue underground for approximately 550 m to the
25 north, crossing Bath Road/Hwy 33 and terminating at the Switching Station, the location of

1 which is described below. The location and proposed routing for the Transmission Line is
2 depicted in Figures 3 and 4 of Exhibit C, Tab 2, Schedule 1.

3 The portion of the Transmission Line that will be situated on Amherst Island will be constructed
4 overhead. This portion of the route will run along four privately owned properties and will cross
5 one municipally owned public road. With respect to the four private properties directly affected
6 by this portion of the route, Windlectric has entered into options to lease or easement options
7 with the relevant landowners. With respect to the crossing of Front Road, Windlectric has
8 statutory rights to cross the road for purposes of the Transmission Line pursuant to s. 41 of the
9 *Electricity Act*. In addition, as noted in Exhibit B, Tab 1, Schedule 1, Windlectric has sought
10 approval to construct portions of the Proposed Transmission Facilities upon, under or over a
11 highway, utility line or ditch pursuant to s. 101 of the *Ontario Energy Board Act* as part of the
12 Application. Finally, Windlectric notes that it is well advanced in its efforts to negotiate a road
13 use agreement with the owner of the road, Loyalist Township.

14 The portion of the Transmission Line that will run from Amherst Island to the mainland will be
15 constructed as a submarine cable on (and in one location buried within) the lakebed. Windlectric
16 has confirmed with the Ontario Ministry of Natural Resources (“MNR”) that the installation of
17 the submarine cable will be subject to approval by the MNR through issuance of a Work Permit
18 and, once installation of the submarine cable is complete, by issuance of a Land Use Permit by
19 the MNR to authorize occupation of the Crown bed by the cable. After completing the
20 installation of the submarine cable, Windlectric will complete a survey to accurately define the
21 as-built cable path and will then enter into a Crown Lease with MNR for the relevant submarine
22 cable corridor. Effectively, under the MNR’s process, the Land Use Permit provides temporary
23 land tenure until such time as the Crown Lease is finalized. Windlectric is in the process of
24 consulting with the MNR as to the necessary components for its Work Permit Application for the
25 submarine cable and anticipates submitting the Work Permit Application in the Fall of 2014. In
26 addition, Windlectric has commenced negotiations with the Ontario Ministry of Transportation
27 for a Crossing Agreement due to need for the submarine portion of the Transmission Line to

1 traverse a ferry crossing route and a related bubbler system which prevents ice build-up along the
2 ferry route.

3 The portion of the Transmission Line that will run on the mainland from the shoreline to the
4 Switching Station will be constructed underground. This portion of the route will run along two
5 privately owned properties, which have the same landowner, and will cross one provincially
6 owned public road. For the underground portions of this segment that will run along the private
7 properties, Windlectric has entered into an option to lease the relevant properties. This same
8 option to lease also provides rights for Windlectric to construct the Switching Station on one of
9 the two parcels. With respect to the crossing of Bath Road/Highway 33, Windlectric has
10 statutory rights to cross the road for purposes of the Transmission Line pursuant to s. 41 of the
11 *Electricity Act*. In addition, as noted in Exhibit B, Tab 1, Schedule 1, Windlectric has sought
12 approval to construct portions of the Proposed Transmission Facilities upon, under or over a
13 highway, utility line or ditch pursuant to s. 101 of the *Ontario Energy Board Act* as part of the
14 Application. Finally, Windlectric will require an Encroachment Permit from the Ministry of
15 Transportation in respect of this crossing.

16 (c) Switching Station

17 As described in Exhibit B, Tab 2, Schedule 1, the Switching Station will have a footprint of
18 approximately 0.14 ha and will be situated on Part Lots 23, 24 and 25, Concession 1 on the
19 mainland in Loyalist Township, in the County of Lennox and Addington. This location is on a
20 former industrial property situated to the west of Jim Snow Drive, between Bath Road/Hwy 33
21 and Taylor Kidd Blvd, as shown in Figures 3(a) and 4(a) of Exhibit C, Tab 2, Schedule 1. This
22 property is comprised of a single, privately owned industrial parcel. Although the industrial
23 facility that formerly operated on this property is being decommissioned, a transformer station on
24 the property, at the terminus of Hydro One's circuit Q6S, will remain in place. Windlectric has
25 entered into an option to lease the relevant property, which will support the Switching Station, as
26 well as any ancillary buildings, equipment and cables required in this location. This is the same

1 option to lease as applies to the underground segments of the Transmission Line on the mainland
2 as there is a single landowner in respect of the two relevant properties.

3 **2. Widths of Required ROWs**

4 The width of the corridor that Windlectric will require for the overhead segments of the
5 Transmission Line on Amherst Island will be approximately 20 meters. The width of the
6 corridor that Windlectric will require for the marine segment of the Transmission Line will be
7 approximately 50 meters. The width of the corridor that will be required for the underground
8 segments of the Transmission Line on the mainland will be approximately 10 meters.

9 **3. Land Rights Acquisition Process**

10 As noted above, the Applicant has now secured options to lease or easement options for all of the
11 private land rights that it anticipates will be required for the Proposed Transmission Facilities. A
12 landowner line list is provided in **Appendix 'A'** to this Exhibit E, Tab 1, Schedule 1. In
13 addition, as noted, the Applicant has confirmed and commenced the processes for securing the
14 necessary authorizations to allow for installation of the submarine crossing. The forms of land
15 agreements offered during the course of the land rights acquisition process are as provided in
16 Exhibit E, Tab 1, Schedule 2.

APPENDIX 'A' - LANDOWNER LINE LIST

1 The following Landowner Line List is organized geographically commencing at the Project
2 Substation and ending at the Switching Station. The Landowner Line List includes those parcels
3 upon which the Proposed Transmission Facilities will be situated.

4 **[Note: The Landowner Line List contains personal information of landowners and has**
5 **therefore been filed in confidence with the Board pursuant to Rule 9A.01 of the Board's**
6 ***Rules of Practice and Procedure* and in accordance with Section 4.3 of the Board's *Practice***
7 ***Direction on Confidential Filings*]**

FORMS OF LAND AGREEMENTS

1 This schedule includes copies of the forms of land agreements that the Applicant has used for the
2 acquisition of land rights required to construct, own, operate and maintain the Proposed
3 Transmission Facilities. These include the following:

4 Appendix 'A' Form of Lease Option Agreement

5 Appendix 'B' Form of Lease Option Agreement

6 Appendix 'C' Form of Permanent Easement Option Agreement

7 Appendix 'D' Form of Temporary Easement Option Agreement

Appendix 'A'

Form of Lease Option Agreement

This **LEASE OPTION AGREEMENT** (this "**Option Agreement**") is made as of ■ 2013, by and between ■, (hereinafter referred to as "**Grantor**"), and **WINDLECTRIC INC.** (hereinafter referred to as "**Grantee**"). Grantee and Grantor are sometimes referred to herein individually as a "**Party**" or collectively as the "**Parties**".

RECITALS

A. Grantee is a renewable energy developer that desires to develop, construct, and operate a wind energy project located on lands within Loyalist Township, in the Province of Ontario (the "**Project**"). The Project will consist of wind turbines, and related facilities necessary to harness wind for electrical generation; and equipment and infrastructure used in the production, collection, and transmission of such electrical energy, including associated wiring, cable, switching stations, transformers, vaults and related equipment and components; and infrastructure and equipment required to transport and construct the facilities ("**Wind Energy Facilities**").

B. Grantor is the owner of the lands legally described in Exhibit "A" attached hereto and made a part hereof (the "**Property**").

C. Grantee desires to obtain from Grantor, and Grantor desires to grant to Grantee, the Options described in Section 1 of this Option Agreement.

NOW THEREFORE, in consideration of the mutual covenants set out herein and the Option Payments set out below, Grantee and Grantor hereby agree as follows:

1. **Grant of Options.** Grantor hereby grants to Grantee and its successors and permitted assigns, subject to the terms and conditions set forth in this Option Agreement, the following exclusive, irrevocable options (the "**Options**") to lease from Grantor for exclusive use by Grantee, such portions of the Property as provided herein, (the "**Leased Lands**") together with such additional rights as are more fully described herein, for the terms, for the payments and on the terms and conditions hereinafter set forth:

- (a) in accordance with the terms and provisions of the form of the Long-Term Lease Agreement attached hereto as Exhibit "C" (the "**Long-Term Lease**"), that portion of the Property shown as the "Long-Term Lease Land" on Exhibit "B" attached hereto, along with associated easement rights as provided for in the Long-Term Lease (the "**Long-Term Lease Option**"); and
- (b) in accordance with the terms and provisions of the form of the Construction Areas Lease Agreement attached hereto as Exhibit "D" (the "**Construction Areas Lease**"), that portion of the Property shown as the "Dock Area Land" on Exhibit "B" attached hereto, and either or both of the two (2) portions of the Property shown as the "Staging Area Land" on Exhibit "B" attached hereto and provided that the Long-Term Lease Exercise Notice (as defined below) has already been issued, along with associated easement rights and a right to use existing rail lines as provided for in the Construction Areas Lease (the "**Construction Areas Lease Option**").

The Long-Term Lease and the Construction Areas Lease are hereinafter referred to as the "**Leases**".

2. Grant of License. Grantor hereby grants to Grantee an irrevocable license to come upon the Leased Lands to conduct natural heritage studies, archaeological studies, soil studies, collect geotechnical data (the “**Studies**”) and to temporarily install, operate and maintain such equipment (“**Equipment**”) as may be necessary to support the Studies (the “**License**”). This License shall be effective only throughout the Option Term (as defined below). The License also includes the right to use, repair, replace, relocate and remove said equipment and to transport such equipment and appropriate vehicles over existing roads and pathways on the Property and the right to carry out, at Grantee’s expense and without liability to Grantor, such tests, including, but not limited to environmental audits, surveys and inspections of the Leased Lands as Grantee may deem necessary, provided that Grantee shall not conduct any invasive, subsurface or land-disturbing activities, Studies or installation/use of Equipment without the express, prior written consent of Grantor (not to be unreasonably withheld), and Grantee shall not reveal or disclose the results of any such tests or any such Studies or the contents thereof to any other person, firm, corporation or other entity, or to any governmental or other authority or agency (individually a “**Person**” and collectively “**Persons**”) without the express prior written consent of Grantor, which consents may not be unreasonably withheld or delayed, provided that (i) the Grantor shall work in good faith with Grantee and shall use reasonable commercial efforts to respond to any written request within ten (10) calendar days, and (ii) the Grantee acknowledges that such studies shall not be submitted to any other Person in their present form if such submission is reasonably likely to result in any additional inspections or orders from any governmental or other authority or agency. Grantee agrees to promptly repair any damage caused by any such tests at Grantee’s expense in a good and workmanlike manner. The License may be exercised by Grantee and by Grantee’s employees, agents, contractors, permittees and invitees. Grantee will consult with Grantor to schedule and coordinate Grantee’s activities on the Leased Lands. The location of any testing equipment to be installed on the Leased Lands shall be agreed to by the Parties acting reasonably and without undue delay taking into consideration the purpose of the Studies to be conducted and the need for certain Studies to be conducted in specific locations. Once determined, the location of the testing equipment shall not be changed save by the agreement of the Parties who shall act reasonably and without undue delay. Grantor shall not be liable or responsible in any way to Grantee or to any other Person for, and Grantee hereby releases Grantor in respect of:

- (a) any injury, including without limitation bodily injury, personal injury, sickness, disease or death;
- (b) damage to or loss of any property of Grantee or any other person, including without limitation any Equipment and vehicles as aforesaid; or
- (c) any Injury, loss or damage insured against or required to be insured against by Grantee;

however caused, and whether or not caused or contributed to, by the act or negligence of Grantor or any Person for whom Grantor is in law responsible, and Grantee shall indemnify and hold Grantor and those for whom Grantor is in law responsible harmless from and against any and all claims, losses, damages (direct, indirect, consequential and otherwise), suits, judgements, causes of action, legal proceedings, executions, demands, penalties or other sanctions of any kind whatsoever, and all costs (including legal costs) (“**Claims**”) arising in connection with:

- (i) any Injury or any loss or damage to property (including Equipment and vehicles) brought onto the Property in connection with this License, or otherwise;
- (ii) any failure by Grantee to observe and perform any of Grantee's covenants under this Section 2; and
- (iii) any occurrence arising from or connected with the occupancy or use by Grantee or those for whom it is in law responsible of the Leased Lands or the Property pursuant to this Section 2 or otherwise, including without limitation any Claims arising from Hazardous Materials (as defined in the Long-Term Lease form attached hereto as Exhibit "C") that were released upon or introduced to the Leased Lands by Tenant, its servants, employees, agents or any other Persons for whom Tenant is responsible at law.

If Grantor or any Person for whom it is in law responsible is, without actual fault on its or their part, made a party to any litigation commenced by or against Grantee, Grantee shall protect and hold Grantor harmless and shall pay all costs and expenses, including legal fees on a full indemnity basis, incurred or paid by Grantor in connection therewith.

The terms and conditions of this Section 2 shall survive the expiry or termination of this Option Agreement.

3. Environmental. The provisions of Section 12 (except Sections 12.5 and 12.7) of the Long-Term Lease form attached hereto as Exhibit "C" shall apply, *mutatis mutandis*, to the exercise by Grantee of its rights pursuant to Section 2 above.

4. Insurance. Grantee shall, at its sole cost and expense, take out and keep in full force and effect during any period when it is occupying or using the Leased Lands pursuant to Section 2, above, insurance similar in all material respects to the insurance required to be carried by Grantee pursuant to Section 13 of the form of the Long-Term Lease appended to this Option Agreement as Exhibit "C". Unless and until such insurance is obtained and evidence satisfactory to Grantor of such insurance coverage is provided to Grantor, Grantee shall not be permitted to enter upon any part of the Property or to exercise its rights pursuant to the License granted pursuant to Section 2, above.

5. Term of Options. The Long-Term Lease Option will become effective when all Parties have signed this Option Agreement (the "**Effective Date**") and will end on ■ unless extended by Grantee in accordance with the provisions herein (the "**Long-Term Lease Option Term**"). Grantee shall have the right to extend the Long-Term Lease Option Term to ■ by written notice to such effect given to Grantor not later than ■ accompanied by payment to Grantor, as consideration for such extension, by certified cheque, of the amount of ■ Canadian (CAN \$■) Dollars (the "**Option Extension Payment**") plus all applicable GST/HST taxes thereon. The Construction Areas Lease Option will become effective upon the issuance of the Long-Term Lease Exercise Notice (defined below) and will end on ■, unless Grantee has extended the Long-Term Option Term as aforesaid and the Option Extension Payment has been made, in which case the Construction Areas Lease Option will end on ■ (the "**Construction Areas Lease Option Term**").

6. **Option Payment.** In consideration of the grant to it of the Options, on the Effective Date Grantee shall pay Grantor by certified cheque (i) ■ (CAN \$■) Dollars (the “**Option Payment**”) and (ii) an amount up to ■ Canadian (CAN \$■) Dollars for reimbursement of external legal costs incurred by Grantor, plus all applicable GST/HST taxes thereon in each case.

7. **Grantor’s Authority.** Grantor represents and warrants to Grantee that Grantor is the sole legal and beneficial owner in fee simple of the Property and has the right, power, privilege and authority to execute and deliver this Option Agreement; to grant Grantee the rights granted in this Option Agreement; and, to enter into the Leases if Grantee exercises the Options. Grantor hereby represents and warrants that Grantor has not granted, and is not aware of, any restriction over the Leased Lands that would materially adversely affect the rights of Grantee to use the Leased Lands as set out herein and, for greater certainty Grantor has not granted to Loyalist Township, any other government entity or any other third party the right to use all or part of the Leased Lands, except as disclosed in Exhibit “F” attached hereto or by the registered title to the Property, or as otherwise disclosed in writing by Grantor to Grantee in advance of the Effective Date.

8. **Exercise of Options.**

8.1 **Long-Term Lease Option.** Subject to Section 8.4, at any time during the Long-Term Lease Option Term, Grantee may exercise the Long-Term Lease Option by delivering to Grantor a notice of exercise of the Long-Term Lease Option (the “**Long-Term Lease Exercise Notice**”), together with four (4) copies of the Long-Term Lease duly completed and executed by Grantee, in the form attached hereto as Exhibit “C”. The Long-Term Lease Exercise Notice shall reference the Long-Term Lease Option, and shall state that Grantee is exercising the Long-Term Lease Option. Grantor covenants and agrees that it shall execute the Long-Term Lease provided to it by Grantee within twenty (20) business days of receipt of the Long-Term Lease Exercise Notice, and upon such execution by both Parties, all of the rights and other provisions of the Long-Term Lease shall become immediately effective and binding upon Grantor and Grantee.

8.2 **Construction Areas Lease Option.** Provided Grantee has exercised the Long-Term Lease Option as provided in Section 8.1 of this Option Agreement, at any time during the Construction Areas Lease Option Term, Grantee may exercise the Construction Areas Lease Option, by delivering to Grantor a notice of exercise of the Construction Areas Lease Option (the “**Construction Areas Lease Exercise Notice**”), together with four (4) copies of the Construction Areas Lease duly completed and executed by Grantee, in the form attached hereto as Exhibit “D”. The Construction Areas Exercise Notice shall reference the Construction Areas Lease Option, shall specifically state whether the Grantee is electing to lease either or both of the two (2) areas shown as the “Staging Area Land” on Exhibit “B” pursuant to the Construction Areas Lease Option (and if only one (1) of such areas, which one (1)), and shall state that Grantee is exercising the Construction Areas Lease Option. Grantor covenants and agrees that it shall execute the Construction Areas Lease provided to it by Grantee within twenty (20) business days of receipt of the Construction Areas Lease Exercise Notice, and upon such execution by both Parties, all of the rights and other provisions of the Construction Areas Lease shall become immediately effective and binding upon all or such portions of the Property as identified in the Construction Areas Lease Exercise Notice, and upon Grantor and Grantee.

8.3 Manner and Time. The Options shall be exercisable only in the manner and within the time periods set out in Sections 8.1 and 8.2, and if not exercised in such manner and within such periods the Options shall be null and void and of no further force or effect.

8.4 Excavation, Drilling and Subsurface Installations. Notwithstanding anything to the contrary contained herein, neither the Long-Term Lease Option nor the Construction Area Lease Option shall be exercisable by Grantee unless and until Grantee has (A) submitted to Grantor specific detailed information with respect to any proposed excavation or drilling on the Leased Lands or elsewhere on the Property pursuant to the Long-Term Lease or the Construction Areas Lease, including without limitation any subsurface installations and improvements, such as vaults and subsurface wires and cables, which information shall include the precise locations of the proposed excavation or drilling and of any subsurface installations and improvements, and (B) Grantor has approved the foregoing ("**Grantor's Approval of Excavation**"), such approval not to be unreasonably withheld. Grantor shall work in good faith with Grantee and shall use reasonable commercial efforts to respond to Grantee's request for such approval within ten (10) calendar days. Grantor shall not be required to refund to Grantee the Option Payment amount or, if paid, the Option Extension Payment, both of which shall be deemed to have been fully earned when payable, unless Grantor unreasonably withholds Grantor's Approval of Excavation in which case both the Option Payment and, if paid, the Option Extension Payment amounts shall be refunded to Grantee.

9. Effect of Option Agreement; Interest in Real Property. The Parties intend that this Option Agreement create a valid and present interest in the Leased Lands in favour of Grantee. Therefore, the Option shall be deemed an interest in and encumbrance upon the Leased Lands which shall run with the Leased Lands and shall be binding upon the Leased Lands and Grantor and its successors and assigns and shall inure to the benefit of each of the Parties hereto and their respective successors and assigns, subject to the provisions of this Option Agreement. Grantor covenants and agrees that during the Option Period, Grantor shall not, except as otherwise provided herein, convey the Leased Lands or any interest therein or permit any lien or encumbrance not permitted by this Option Agreement to attach to the Leased Lands. Notwithstanding the foregoing, Grantor may:

9.1 sell, assign or transfer all or any part or parts of its interest in the Property, provided that if the Leased Lands are affected by such sale, assignment or transfer, Grantor obtains the written agreement of any such transferee or assignee in favour of Grantee that such transferee or assignee shall assume Grantor's obligations hereunder, and

9.2 mortgage, charge or otherwise encumber ("**Mortgage**") all or any part or parts of the Property, provided that if such Mortgage affects the Leased Lands, Grantor obtains the written agreement of the Person taking such Mortgage ("**Mortgagee**") in favour of Grantee that, upon any enforcement or realization proceedings being instituted by the Mortgagee, the Mortgagee or any purchaser under a judicial or private power of sale will recognize the Option and this Option Agreement and assume Grantor's obligations hereunder.

10. Grantee's Right to Assign. Provided there has been no default by Grantee under this Option Agreement, Grantee may, subject to first obtaining the prior written consent of Grantor, not to be unreasonably withheld or delayed, sell, assign or transfer all (but not part) of its interest in the Option and this Option Agreement to any Person which acquires all of Grantee's interest in the Project, provided such Person shall enter into an agreement satisfactory to

Grantor, acting reasonably, whereby it agrees with Grantor to assume and be bound by all of the obligations of Grantee under this Option Agreement in the same manner and with the same force and effect as if such Person was Grantee. Any such transfer shall be subject to the terms and requirements of this Option Agreement. Notwithstanding the foregoing, provided there has been no default by Grantee under this Option Agreement, Grantee may, without the consent of Grantor but upon not less than ten (10) days prior written notice to Grantor, charge all of its interest in this Option Agreement as security to a lender providing financing for the construction of the Project (a "**Chargee**") provided such Chargee shall enter into an agreement with Grantor substantially in the form attached hereto as Exhibit "H", whereby the Chargee agrees that if it exercises its security under such charge, upon becoming a mortgagee in possession (if applicable), it shall assume and be bound by all of the obligations of Grantee under this Option Agreement in the same manner and with the same force and effect as if the Chargee was the Grantee herein, from the date on which it goes into possession. Except as aforesaid, Grantee shall not sell, assign, transfer or otherwise dispose of all or any part of its interest in this Option Agreement.

11. Title. If after the Effective Date, Grantee conducts a title search and such search reveals, that Grantor is not the legal and beneficial owner of the Property or does not have the legal right and authority to grant to Grantee the Leases or has granted a lease, easement or other property right related to the Property (the "**Prior Encumbrance**") to any other person that would, in the reasonable opinion of Grantee, materially interfere with the rights granted to Grantee hereunder, Grantee may, in its sole discretion, terminate this Option Agreement effective immediately and Grantor shall thereafter promptly return the Option Payment. Upon such termination the Parties shall cease to have any further rights or obligations under this Option Agreement, except as otherwise provided herein.

12. Environmental Disclosure. Within sixty (60) days after the Effective Date, but in no event prior to the execution and delivery of a confidentiality and non-disclosure agreement by Grantee in the form attached hereto as Exhibit "G", Grantor will provide Grantee with (a) a copy of the existing environmental reports relating to the Property identified in Exhibit "I" attached, and (b) a site diagram delineating in reasonable detail all areas of the Property known by Grantor to be of environmental concern.

13. Protection of Chargee Rights. Any Chargee shall for so long as its security is in existence and until the lien thereof has been extinguished be entitled to the following protection:

13.1 **Amendment not Binding.** No amendment or modification of the Option Agreement by Grantor and Grantee which would materially adversely affect the Chargee's interest in this Option Agreement, or any agreement by Grantor and Grantee to terminate or accept any surrender of this Option Agreement, except as provided in this Option Agreement, shall be binding upon the Chargee or its interest in this Option Agreement unless consented to in writing by the Chargee.

13.2 **Notice of Default.** Notwithstanding any default by Grantee under this Option Agreement, Grantor shall have no right to terminate this Option Agreement unless and until Grantor shall first have given Chargee written notice of Grantee's default and failure to cure same within the period, if any permitted by this Option Agreement and thereafter afforded Chargee an opportunity to cure such default within the following thirty (30) day period (or such greater period required to cure such default, if commenced within such thirty (30) day period and pursued diligently thereafter) and Chargee shall have failed to effect the cure of such default within such period.

13.3 Right to Perform. Chargee shall have the right at any time to make any payment due hereunder and to perform or cause to be performed any other obligation of Grantee at or within the time such payment or performance is required under this Option Agreement. Nothing in this Option Agreement shall be construed to obligate Chargee to cure any default of Grantee.

14. Removal or Alteration of Rail Spurs. The parties agree that notwithstanding anything else herein, the Grantor shall be permitted to remove or otherwise alter the existing rail spurs on the Property and associated infrastructure (the "**Rail Infrastructure**") as and when required for its use of the Property, up to the date of the issuance of the Construction Areas Lease Exercise Notice, but not thereafter, until the end of the Term of the Construction Areas Lease.

15. Notice.

15.1 Writing. All notices given or permitted to be given hereunder shall be in writing.

15.2 Delivery. Notice is considered given either when delivered in person or by courier to the recipient named below, or three (3) business days after deposit in the Canadian mail in a sealed envelope or container, postage and postal charges prepaid, addressed by name and addressed to the Party or person intended as follows:

Notice to Grantor:

■

Attn.:

Notice to Grantee:

Windlectric Inc.

2865 Bristol Circle, Oakville, ON, L6H 7H7

Attn.: Chief Legal Counsel & Corporate Secretary

16. Further Assurances. Each Party agrees to cooperate with the other Party and to execute any additional documents reasonably necessary or proper to carry out the provisions and spirit of this Option Agreement. Without limiting the generality of the foregoing, each Party hereby agrees and covenants that subsequent to the execution and delivery of this Option Agreement and, without any additional consideration, it shall execute and deliver or cause to be executed and delivered any further legal instruments, and perform any acts which are or may become necessary to effectuate the purposes of this Option Agreement and to complete the transactions contemplated hereunder.

17. Construction of Agreement.

- 17.1 Governing Law. The laws of the Province of Ontario and the federal laws of Canada applicable therein shall govern the interpretation and enforcement of this Option Agreement and the rights and covenants granted hereunder.
- 17.2 Interpretation. The Parties agree that the terms and provisions of this Option Agreement embody their mutual intent and that such terms and conditions are not to be construed more liberally in favour, nor more strictly against, either Party.
- 17.3 Partial Invalidity. If any term or provision of this Option Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, a provision shall be added to this Option Agreement as similar in terms to such invalid or unenforceable provision as may be possible, and be legal, valid and enforceable, and the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

18. Registration of Option Agreement. After the Effective Date and delivery by Grantee to Grantor of the Option Payment, and subject to Grantee first obtaining Grantor's prior, written approval of the form and content thereof, which shall not be unreasonably withheld, Grantee shall be entitled, at its cost and expense, to register a notice of this Option Agreement against title to the Property described in Exhibit "A", with any required reference plans, in the applicable Land Registry Office having jurisdiction over the Property, and Grantor agrees to execute, at no cost to Grantee, all necessary instruments, plans and documentation for that purpose. No such notice shall disclose the amount of the Option Payment, the Rent payable or any other financial terms of the Leases.

19. Counterparts. This Option Agreement may be executed and recorded in counterparts, including by fax or other electronic transmission, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

20. Time of the Essence. Time shall be of the essence of this Option Agreement.

21. Currency. Any monies to be paid pursuant to this Option Agreement shall be in Canadian funds.

22. Planning Act. This Option Agreement and the provisions hereof, which create or are intended to create an interest in the Property, shall be effective to create such an interest only if the subdivision control provisions of the *Planning Act* (Ontario), as amended, are complied with. Grantor shall, without delay, at the expense of Grantee, provide such consents and authorizations as are necessary to permit Grantee to make any required applications to comply with the *Planning Act* (Ontario), provided Grantor shall not thereby incur any financial or other liability or obligations. Grantee hereby declares that the Property being acquired by Grantee pursuant to this Option Agreement is for the purposes of a renewable energy generation facility or renewable energy project in accordance with Section 50(3)(d.1) of the *Planning Act* (Ontario). If any consent or authorization is necessary for this Option Agreement to be in compliance with the *Planning Act* (Ontario) in respect of the duration of the Long-Term Option Term and the term of the Long-Term Lease and any extensions thereto, then until such consent or authorization is

received, the aggregate term of this Option Agreement and the Long-Term Lease shall be deemed to be equal to a period of twenty-one (21) years less one (1) day.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Option Agreement as of the Effective Date.

■

WINDLECTRIC INC.

Name:
Title:

Name:
Title:

Name:
Title:

Name:
Title:

I/We have the authority to bind the corporation.

I/We have the authority to bind the corporation.

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

[•]

EXHIBIT "B"

**PLAN SHOWING THE PORTIONS OF THE PROPERTY WHICH SHALL COMPRISE THE
LEASED LANDS**

(including the "Dock Area Land" and the two (2) alternative areas for the "Staging Area Land")

EXHIBIT "C"

LONG-TERM LEASE AGREEMENT

LONG-TERM LEASE AGREEMENT

This Lease dated ●, 20● (this “Lease”) is entered into by and between Landlord and Tenant pursuant to the Option Agreement. Landlord and Tenant are sometimes referred to herein individually as a “Party” and collectively as the “Parties”.

1. **Definitions.** The following terms shall have the following meanings when capitalized in this Lease:

- 1.1 “Commencement Date” _____, [The date on which the Long-Term Lease Exercise Notice is given to Landlord.]
- 1.2 “Landlord” ●
- 1.3 “Landlord’s Address” ●
Phone: ●
- 1.4 “Leased Lands” Those certain lands more fully described and identified in Schedule “B” attached hereto.
- 1.5 “Mortgage” Any mortgage, charge or security instrument (including a deed of trust and mortgage securing bonds and all indentures supplemental thereto) which may now or hereafter affect Landlord’s interest in the Property or any part thereof.
- 1.6 “Mortgagee” The mortgagee, charge, secured party or trustee for bond-holders, as the case may be, named in a Mortgage.
- 1.7 “Option Agreement” Lease Option Agreement by and between Landlord and Tenant dated _____, 2012, notice of which was registered against title to the Property on _____, 2012 as Instrument No. _____.
- 1.8 “Person” An individual, a corporation, a limited partnership, a general partnership, a trust, a joint stock company, a joint venture, an association, a syndicate, a bank, a trust company, a governmental authority or agency, and any other legal or business entity, and “Persons” shall have a corresponding meaning.
- 1.9 “Project” Approximately 75 MW wind energy project located on Amherst Island within Loyalist Township, in the Province of Ontario, consisting of wind turbines, and related facilities necessary to harness wind for electrical generation; and equipment and infrastructure used in the production, collection, and transmission of such electrical energy,

including associated wiring, cable, switching stations, transformers, vaults and related equipment and components; and infrastructure and equipment required to transport and construct the facilities.

- 1.10 **“Property”** Those certain Lands and premises legally described in Schedule “A”.
- 1.11 **“Rent”** A one-time lump sum amount of ■ Canadian Dollars and Zero Canadian Cents (CAD \$■).
- 1.12 **“Sales Taxes”** Any and all taxes or duties imposed upon Landlord or Tenant measured or based in whole or in part upon the Rent or other amounts payable under this Lease, whether existing at the date hereof or hereinafter imposed by any governmental authority including, without limitation, harmonized sales tax, goods and services tax, value-added tax, business transfer tax, retail sales tax, federal sales tax, excise taxes or duties, or any tax similar to the foregoing.
- 1.13 **“Transfer”** Any of: (i) an assignment of this Lease by Tenant in whole or in part; (ii) any arrangement, written or oral, whether by sublease, licence or otherwise, whereby rights to use all or any part of the Leased Lands or the Right-of-Way are granted to any Person (other than the Tenant) from time to time, which rights of occupancy are derived through or under the interest of Tenant under this Lease; and (iii) a mortgage, charge or other encumbrance of this Lease or of all or any part of the Leased Lands or the Right-of-Way, or any interest therein.
- 1.14 **“Tenant”** ●
- 1.15 **“Tenant’s Address”** ●
Phone: ●
- 1.16 **“Transferee”** Any Person deriving rights through a Transfer.

2. Agreement to Lease; Right-of-Way.

- 2.1 Lease. In consideration of the payments and covenants herein contained, Landlord does hereby grant, demise and lease unto Tenant, and Tenant does hereby accept a lease of the Leased Lands as described in Schedule “B”.
- 2.2 Right-of-Way. Further to the foregoing, Landlord does hereby grant unto Tenant, and Tenant does hereby accept, a non-exclusive right-of-way over that part of the Property described in Schedule “C” in common with all others entitled thereto, for the purposes

set out herein, and subject to the reasonable restrictions of Landlord, given the use of the Property by Tenant and the Operations to be located thereon (the “**Right-of-Way**”). The Parties acknowledge and agree that, notwithstanding the location of the Right-of-Way being over that part of the Property described in Schedule “C”, in the event that the Tenant has any reasonable concerns about the condition of such part of the Property, including without limitation in respect of environmental conditions, Tenant shall have the right, within the first sixty (60) days of the Term, to notify Landlord of such concerns and Landlord shall then use reasonable commercial efforts to provide for an alternative route for the Right-of-Way which avoids such areas of concern and allows Tenant to utilize the Leased Lands as contemplated hereunder. If Landlord is unable, despite such reasonable commercial efforts, to provide such an alternative route for the Right-of-Way then Tenant shall have the right, exercisable by written notice to such effect to the Landlord given within thirty (30) days after Landlord has notified Tenant that it is unable to provide such alternative route, to terminate this Lease. If this Lease is terminated as aforesaid then Landlord shall promptly refund to Tenant the amount of the Rent paid by Tenant pursuant to Section 4.1, whereupon the parties shall have no further rights or obligations under this Lease except for such rights and obligations which are expressed to survive the termination of this Lease.

3. Lease Term.

3.1 Term. The term of this Lease (the “**Term**”) shall be twenty-five (25) years, which shall commence on the Commencement Date and shall end and expire, unless terminated earlier in accordance with this Lease, on the day preceding the twenty-fifth (25th) anniversary of the Commencement Date.

3.2 Extensions of Term. Except as provided herein, provided Tenant is not in default under this Lease, the Term shall be extended automatically for up to four (4) further terms of five (5) years (each, an “**Extension Term**”), upon the same terms and conditions as are contained in the Lease, save and except there shall be no further extension of the Term beyond the fourth of such Extension Terms, and except that the Rent for each such Extension Term shall be ■ Dollars (CAD \$■) for each five (5) year Extension Term, multiplied in each case by the change in the Consumer Price Index for All Items – Ontario (or equivalent) from the Commencement Date to the first day of the applicable Extension Term (the “**Extension Term Rent**”), plus applicable Sales Taxes. Notwithstanding the foregoing, provided Tenant has notified Landlord in writing of its desire not to have the Term or existing Extension Term extended at least three (3) months prior to the end of the existing Term or existing Extension Term, all further automatic extensions provided for herein shall not apply and this Lease shall expire and be terminated at the end of such existing Term or existing Extension Term, as the case may be.

4. Payments to Landlord. Tenant shall pay Landlord, from the Commencement Date and continuing for the duration of the Term and any Extension Term, Rent and Extension Term Rent as set forth in the following subparagraphs:

4.1 Rent Payments. On the Commencement Date, Tenant shall pay to Landlord the Rent for the Term in the amount set forth in Section 1.11, and all applicable Sales Taxes.

4.2 Extension Term Rent. On the first day of each Extension Term, Tenant shall pay to Landlord the Extension Term Rent in the amount set forth in Section 3.2, and all applicable Sales Taxes.

4.3 Payments. Tenant shall make payments of Rent and Extension Term Rent that are due to Landlord and remit such payments and all applicable Sales Taxes to Landlord's address described in Section 1.3, or as Landlord may otherwise direct in writing.

5. Use by Tenant.

5.1 Permitted Uses. The Leased Lands may be used by Tenant solely for the construction and operation of a switching station, a transformer vault, access roads, and the interconnection of the Project to either the transmission grid owned by Hydro One Networks Inc. or its successor(s) ("**HONI**") and controlled by the Independent Electricity System Operator, or its successors, or the distribution system owned and controlled by the local distribution company, or its successors (collectively, "**Operations**"). For greater clarity, it is agreed that the Operations shall include, and be limited to constructing, reconstructing, erecting, installing, improving, replacing, relocating and removing from time to time, and maintaining, using, monitoring and operating:

- (A) on that part of the Leased Lands designated as the "Switching Station" on Schedule "B" (the "**Switching Station Lands**"), a permanent switching station for purposes of enabling the connection of the Project to either the transmission grid owned by HONI and controlled by the Independent Electricity System Operator, or its successors, or the distribution system owned and controlled by the local distribution company, or its successors;
- (B) on that part of the Leased Lands designated as the "Vault" on Schedule "B" (the "**Vault Lands**"), a permanent transformer vault for purposes of housing transmission and distribution cables, and related electrical collection components and voltage control systems used to collect and transmit electricity;
- (C) on the whole of the Leased Lands, all other equipment and electrical transmission and distribution facilities, including without limitation, overhead and underground transmission, distribution or collector lines, circuit breakers, meters, conduits, footings, towers, poles, crossarms, guy lines, anchors, cabling and wires; overhead and underground control, communications and radio relay systems; substations, interconnection and/or switching facilities and electric transformers and transformer pads; energy storage facilities; energy measurement equipment; and control boxes and computer monitoring hardware; utilized to connect the Project to either the transmission grid owned and controlled by the Independent Electricity System Operator, or its successors, or the distribution system owned and controlled by the local distribution company, or its successors; and

in conjunction with the foregoing, safety protection facilities; roads and erosion control facilities; signs and fences; and such other improvements, fixtures, facilities, machinery and equipment associated or connected with the generation, conversion, storage, switching, metering, step-up, step-down, transmission, distribution, conducting, wheeling, sale or other use or conveyance of electricity from the Project (all of the foregoing, the "**Improvements**").

The Right-of-Way may be used by Tenant solely for the purposes of connection of the Project to the HONI power grid, which includes the installation of underground and above-ground cable (subject to the terms of this Lease), and the construction and use of

access roads for installation, operation, repair and maintenance of such underground and above-ground cable.

The Leased Lands and the Right-of-Way shall be used for no other purposes. For greater certainty, the use of the Leased Lands and the Right-of-Way hereunder is restricted to matters relating only to the Project, including its construction, operation and connection to the transmission grid, and not to any other project.

5.2 Additional Uses. The Parties acknowledge and agree:

- (A) This Lease includes the right of ingress to and egress over, under, and along the Leased Lands by means of any existing roads and lanes thereon, and by such other route or routes as Tenant may construct on the Leased Lands from time to time, for the benefit of and for purposes incidental to the Operations and to the Improvements that are developed, constructed and/or operated in the Leased Lands or elsewhere as part of the Project by or on behalf of Tenant; and
- (B) Notwithstanding the foregoing, and subject to any environmental concerns of Tenant, acting reasonably, Landlord shall have the right to require that any transmission and/or communication lines and/or cables within the Leased Lands or the Right-of-Way, be constructed underground. Tenant shall provide, in advance, plans of its proposed routes for such lines, and within ten (10) business days of receipt thereof, Landlord shall advise whether it requires such lines to be constructed underground, subject to environmental concerns. If Tenant has reasonable environmental concerns about the proposed routes for such lines, Tenant shall be permitted to construct part or all of such lines aboveground, notwithstanding anything else herein.

5.3 No Conflicting Use. Landlord shall not grant any rights in the Leased Lands or the Right-of-Way purporting to permit others to conduct operations on the Leased Lands during the Term in derogation of Tenant's right to conduct Operations on the Leased Lands and the Right-of-Way.

Landlord hereby represents and warrants that except as disclosed in Schedule "D" attached hereto, Landlord has not granted, and is not aware of, any restriction over the Leased Lands or the Right-of-Way that would materially adversely affect the rights of Tenant to use the Leased Lands and the Right-of-Way as set out herein and, for greater certainty Landlord has not granted to Loyalist Township, any other government entity or any other Person the right to use all or part of the Leased Lands or the Right-of-Way except as aforesaid or detailed in writing by Landlord to Tenant in advance of the date hereof. Tenant acknowledges and agrees that all such rights and restrictions previously granted to other Persons (including without limitation the easements and leases disclosed in Schedule "D") (the "**Existing Rights and Restrictions**") shall have priority over the rights and interests granted to Tenant pursuant to this Lease, and that Tenant takes this Lease subject to the Existing Rights and Restrictions. Tenant further agrees that it shall not do or permit anything to be done which would have the effect of interfering with the use and enjoyment by any such Persons of the Existing Rights and Restrictions, or which would have the effect of causing Landlord to be in breach of the Existing Rights and Restrictions.

6. Permits and Governmental Approvals. Tenant shall be responsible for obtaining at its sole cost and expense from any governmental agency or any other Person, authority or entity

any environmental impact review, permit, entitlement, approval, authorization or other rights necessary or convenient in connection with Operations or proposed Operations; and Landlord shall promptly upon request, execute, and, if appropriate, cause to be acknowledged, at Tenant's expense, any reference plan, application, document or instrument (including any variance, severance encroachment agreement, site plan agreement, development agreement or setback waiver) that is reasonably requested by Tenant in connection therewith. Such documents shall be in the form, if any, required by provincial or local government(s). Landlord shall cooperate with Tenant as necessary to obtain any governmental approvals, at no cost or expense to Landlord, provided that Tenant shall reimburse Landlord for its reasonable out-of-pocket expense directly incurred in connection with such cooperation and provided Landlord shall not thereby incur any financial or other obligations or liability.

7. **Liens.** Each Party shall promptly pay all of its contractors and suppliers and shall do any and all things necessary so as to minimize the possibility of a lien attaching to the Leased Lands or the Property, and should any such lien be filed or registered, the Party in question shall at its expense discharge it within five (5) days following the date of the filing or registration of such lien, provided however that such Party may contest the validity of any such lien if it shall obtain an order of a court of competent jurisdiction discharging the lien from the title to the Leased Lands and the Property within such five (5) day period. If a Party shall fail to discharge any lien, then in addition to any other right or remedy hereunder, the other Party may, but it shall not be so obligated, discharge the lien by paying the amount claimed to be due into Court together with such security for costs and such additional amounts as may be required to obtain such discharge, and the amount paid by such Party together with all costs and expenses including legal fees (on a full indemnity basis) incurred for the discharge of the lien shall be due and payable by the first Party forthwith upon demand.

8. **Maintenance and Repairs.**

8.1 **Repairs.**

(A) Tenant shall, at all times during the Term and at its sole cost and expense, keep and maintain the Leased Lands, the Right-of-Way and Improvements and every part thereof in good order and repair, as would a prudent owner. Tenant shall promptly make all needed repairs and replacements to the Leased Lands, the Right-of-Way with due diligence and dispatch, including, without limitation, all repairs or replacements which are interior or exterior, structural, non-structural, ordinary as well as extraordinary, foreseen as well as unforeseen, provided that Tenant shall not be obliged to upgrade Landlord's infrastructure on the Leased Lands or Right-of-Way, or maintain it at a higher standard than maintained by the Landlord.

(B) Except as expressly set out in this Lease, Landlord is not responsible for making any repairs or replacements in and to the Leased Lands, the Right-of-Way or the Improvements of any nature or kind whatsoever.

8.2 **Repair on Notice.** Subject to reasonable limitations due to weather conditions, Tenant shall commence to repair upon thirty (30) days' notice in writing from Landlord (or such shorter period as may be required by Landlord, acting reasonably) but Landlord's failure to give notice shall not relieve Tenant from its obligation to repair. If, after receiving such notice, Tenant refuses or neglects to commence and proceed with the repairs and replacements required by Section 8.1(A) to the reasonable satisfaction of Landlord, Landlord may give Tenant a further notice requiring it to make such repairs and

replacements and, if Tenant fails to commence to do so within ten (10) days after receipt by it of such further notice and to thereafter proceed diligently and expeditiously to complete such repairs and replacements, Landlord may, but shall not be obligated to, make all or any such repairs without liability to Tenant for any loss or damage that may occur to Improvements or other property or to Tenant's business by reason thereof, and upon completion thereof Tenant shall pay, as additional Rent, Landlord's costs for making any such repairs and replacements, plus a sum equal to fifteen percent (15%) thereof for overhead. Landlord's right to make such repairs and replacements, shall be without prejudice to Landlord's rights to exercise any other rights or remedies as a consequence of Tenant's breach of its obligations under Section 8.1(A).

8.3 Right to Enter.

- (A) Provided an employee or other authorized representative of the Tenant is present, Landlord and Landlord's employees, contractors and workmen may, at all reasonable times, enter the Leased Lands for the purpose of:
 - (i) viewing the state of repair and maintenance of the Leased Lands. Tenant shall comply with all requirements of Landlord with respect to the care, maintenance and repair thereof, provided that they are not inconsistent with Tenant's obligations contained in Section 8.1;
 - (ii) making such repairs and replacements as are Landlord's obligations under this Lease, if any; or
 - (iii) making such repairs and replacements as are Tenant's obligations pursuant to the terms of this Lease and which Tenant is in default of making after the expiry of the notice periods referred to in Section 8.2;
- (B) Tenant shall not be entitled to any abatement in Rent as a result of Landlord exercising its rights in this Section 8.3. Landlord shall not be liable for any damage caused to any property located in the Leased Lands as a result of Landlord exercising its rights in this Section 8.3.
- (C) If an employee or other authorized representative of Tenant is not present to open and permit an entry into the Leased Lands, and provided Landlord has provided written request to Tenant in respect of an entry on the Leased Lands and no accommodation thereafter has been made during the ten (10) calendar day period after delivery of such notice, or in the alternative, in the event of an emergency, Landlord or Landlord's employees, contractors or workmen may, using reasonable force, exercise Landlord's rights in Section 8.3(A) to enter the Leased Lands without rendering Landlord or Landlord's employees, contractors or workmen liable therefore (excepting wilful misconduct and gross negligence), and without affecting or releasing Tenant from the observance and performance of any of Tenant's covenants.
- (D) Nothing in this section shall impose upon Landlord any obligation, responsibility or liability for the care, maintenance or repair of the Leased Lands, except as specifically provided in this Lease.

9. Security Measures. All security measures reasonably necessary, shall be provided by Tenant for the Leased Lands, at the expense of Tenant, including, if reasonably necessary,

warning signs, closed and locked gates, and other measures appropriate and reasonable to protect against damage or destruction of the Improvements or injury or damage to persons or property on the Leased Lands.

10. Tenant's Access. Tenant shall at all times during the Term have access to the Leased Lands and to the Improvements for all purposes specified in this Lease, subject to compliance with Landlord's reasonable security requirements.

11. Limitation of Liability and Indemnity.

11.1 Limitation of Landlord's Liability. Landlord shall not be liable or responsible in any way to Tenant or to any other Person for, and Tenant hereby releases Landlord in respect of:

- (A) any injury, including without limitation bodily injury, personal injury, personal discomfort, mental anguish, shock, sickness, disease, death, false arrest detention or imprisonment, malicious prosecution, libel, slander, defamation of character, invasion of privacy, wrongful entry or eviction, or any of them, as the case may be ("**Injury**") arising from or out of any occurrence on, in or relating to the Leased Lands or the Right-of-Way, or any loss or damage to the Improvements or any other property (including loss of use thereof) of Tenant or any other Person located in, on or around the Leased Lands or the Right-of-Way however caused;
- (B) any Injury to Tenant or any other Person or loss or damage to property resulting from: strikes; lockouts; war; riots; insurrection; Acts of God; fire; smoke; explosions; steam; fumes; vapours; odours; dust; dirt; cinders; grease; acid; oil; any noxious, offensive or excessive liquids, solids or gases; debris; vibration; radiation; air or noise pollution; theft; vandalism; breakage; vermin; water; rain; floods; flooding; freezing; earthquake, tornado or hurricane; wind; snow; sleet; hail; frost; ice; excessive heat or cold; or by dampness or climatic conditions or from any other cause whatsoever;
- (C) any Injury, loss or damage caused by the public, or by construction or renovation, or by any private, public or quasi-public work, or by interruption, cessation or failure of any public or other utility service or any other cause whatsoever;
- (D) any Injury to Tenant or any other Person or any loss or damage suffered to the Leased Lands, the Right-of-Way, the Improvements or the contents thereof by reason of Landlord or its representatives entering the Leased Lands or the Right-of-Way to undertake any work therein, or to exercise any of Landlord's rights or remedies hereunder, or to fulfil any of Landlord's obligations hereunder, or in the case of emergency; or
- (E) any Injury, loss or damage insured against or required to be insured against by Tenant pursuant to this Lease.

All Improvements and other property of Tenant kept or stored on the Leased Lands or the Right-of-Way shall be so kept or stored at the risk of Tenant only and Tenant shall hold Landlord harmless from and against any Claims (as hereinafter defined) arising out of damages to same, including, but not limited to, any subrogation claims by Tenant's insurers.

11.2 Indemnification of Landlord: Tenant shall indemnify Landlord and save it harmless from and against any and all claims, losses, damages (direct, indirect, consequential and otherwise), suits, judgements, causes of action, legal proceedings, executions, demands, penalties or other sanctions of any kind whatsoever, and all costs arising in connection therewith, including all legal costs on a full indemnity basis ("**Claims**") in connection with:

- (A) any Injury or any loss or damage to property referred to in Section 11.1;
- (B) the failure of Tenant to observe and perform any of Tenant's covenants under this Lease;
- (C) the occupancy or use by Tenant of the Leased Lands and the Right-of-Way, including, without limitation, the conduct and operation by Tenant of its Operations on the Leased Lands and the Right-of-Way;
- (D) any Hazardous Substance being brought into, produced or maintained in, or discharged from, the Leased Lands and the Right-of-Way by Tenant or those for whom it is in law responsible;
- (E) any occurrence on the Leased Lands however caused.

In case Landlord, without actual fault on its part, is made a party to any litigation commenced by or against Tenant, Tenant shall protect and hold Landlord harmless and shall pay all costs and expenses, including legal fees on a full indemnity basis, incurred or paid by Landlord in connection therewith.

11.3 Landlord Beneficiaries: It is agreed that every indemnity, exclusion or release of liability and waiver of subrogation contained in this Lease or in any of Tenant's insurance policies shall extend to and benefit each and every of Landlord, Landlord's mortgagees, any management company employed by Landlord to manage the Property and all of their respective servants, agents, directors, officers, employees and those for whom Landlord is in law responsible (collectively, the "**Landlord Beneficiaries**"), it being understood and agreed that Landlord is the agent or trustee of Landlord Beneficiaries solely to the extent necessary for the Landlord Beneficiaries to take the benefit of this section. Landlord shall be under no obligation whatsoever to take any steps or actions on behalf of Landlord Beneficiaries to enable them to obtain the benefits of this section unless it chooses to do so in its sole and absolute discretion.

12. Environmental Matters.

12.1 Environmental Condition.

- (A) Tenant shall conduct all activities on the Leased Lands and the Right-of-Way in compliance with all laws, statutes, regulations, ordinances or orders issued by any governmental authorities and governmental agencies with respect to environmental or occupational health and safety matters including without limitation the *Canadian Environmental Protection Act, 1999* (Canada), the *Fisheries Act* (Canada), the *Transportation of Dangerous Goods Act, 1992* (Canada), the *Environmental Protection Act* (Ontario), the *Ontario Water Resources Act*, the *Occupational Health and Safety Act* (Ontario), the *Dangerous*

Goods Transportation Act (Ontario), and the *Environmental Assessment Act* (Ontario) ("**Environmental Laws**").

- (B) Tenant shall not use, store, dispose of or release or cause or permit to exist or be used, stored, disposed of or released on the Leased Lands or the Right-of-Way any pollutant, contaminant, chemical, deleterious substance, industrial, toxic or hazardous waste, petroleum, petroleum product, asbestos, PCBs, underground storage tanks and the contents thereof, flammable materials or radioactive materials (collectively, "**Hazardous Materials**") except in strict compliance with Environmental Laws and other applicable laws. Should any claim or action be brought against Landlord or Tenant with respect to any of the foregoing, they shall immediately notify the other upon becoming aware of same, and in the event of any breach of the preceding sentence by Tenant or any person for whom Tenant is responsible in law, Tenant shall promptly take any and all actions necessary, including without limitation investigation, remediation and monitoring as may be required by any governmental authority or pursuant to any Environmental Laws, it being acknowledged that required actions will be in the context of the Property being used for industrial/ commercial purposes. Notwithstanding the foregoing, Tenant shall not be responsible for any Hazardous Materials that were released in, on or under the Leased Lands or the Right-of-Way by Landlord or any predecessor owner of the Leased Lands or the Right-of-Way or that were released elsewhere by Landlord or any predecessor owner of the Property or any other Person for whom Landlord is in law responsible, and which Hazardous Materials migrated to the Leased Lands or the Right-of-Way.

12.2 Covenants.

- (A) In the event Tenant becomes aware of the occurrence of any event of a release of Hazardous Material in contravention of Environmental Laws at the Leased Lands or the Right-of-Way, Tenant shall promptly give Notice to Landlord and any governmental authority, if required by applicable laws, upon becoming aware of same, and if Tenant or anyone for whom it is in law responsible shall cause the occurrence of such event Tenant shall, at its own expense:
- (i) investigate and remediate the contravention to the standard required by Environmental Laws; and
 - (ii) provide Landlord with evidence satisfactory to Landlord, acting reasonably, that the contravention has been remediated, it being acknowledged that required actions will be in the context of the Property being used for industrial/commercial purposes.
- (B) Tenant shall not conduct any excavation, drilling or subsurface investigation in, on or around the Leased Lands or the Right-of-Way without prior written approval of Landlord, such approval not to be unreasonably withheld, conditioned or delayed. Tenant shall provide advance written notice to Landlord prior to conducting any excavation, drilling, or subsurface investigation in, on or around the Leased Lands or the Right-of-Way. Landlord shall use reasonable commercial efforts to respond to Tenant within ten (10) days of receipt of Tenant's notice of any objection to such proposed excavation, drilling or investigation.

12.3 Record of Site Condition.

- (A) Tenant acknowledges that certain activities are or may be conducted on the Leased Lands and the Right-of-Way by or on behalf of Landlord in connection with the preparation and filing of a Record of Site Condition with respect to all or part(s) of the Property including, without limitation, the conduct of any investigation, risk assessment and any remediation required in order to accomplish such filing.
- (B) Landlord shall provide to Tenant a complete copy of the Record of Site Condition forthwith once the Record of Site Condition has been finalized and, upon request of Tenant, access to review those portions of any reports arising from or relating to preparation, filing, monitoring of the Record of Site Condition which are relevant to the Leased Lands and the Right-of-Way.
- (C) Tenant agrees to accept and comply with any reasonable conditions that may be imposed by any governmental authority relating to the Leased Lands and the Right-of-Way, including without limitation safety requirements for worker's protection during any excavation undertaken at the Leased Lands and the Right-of-Way, or the handling, management or disposal of excavated materials from the Leased Lands and the Right-of-Way.
- (D) Landlord and third parties acting on behalf of Landlord shall have the right to access the Leased Lands and the Right-of-Way as necessary in connection with activities associated with obtaining or implementing requirements under the Record of Site Condition, including without limitation, conducting inspections, sampling and groundwater monitoring, provided that such rights of access do not materially interfere with the Operations, that at least five (5) days advance notice is provided to Tenant and that any Person accessing the Leased Lands and the Right-of-Way shall comply with all of Tenant's reasonable safety and security rules and regulations in effect, a copy of which shall be provided by Tenant to Landlord from time to time.

12.4 Certificate of Property Use.

- (A) Tenant acknowledges that the Ontario Ministry of the Environment may require the registration of a Certificate of Property Use on title to the Property. In such event, Landlord shall provide a copy of such Certificate of Property Use to Tenant.
- (B) Tenant shall not be responsible for any costs or obligations arising from or relating to the Certificate of Property Use, including, without limitation, groundwater monitoring requirements, provided however, Tenant hereby agrees to accept and comply with any reasonable conditions that may be imposed by an governmental authority, including without limitation safety requirements for worker's protection during any excavation undertaken at the Leased Lands or the Right-of-Way, or the handling, management or disposal of excavated material from the Lease Lands or the Right-of-Way.
- (C) Landlord, and third parties acting on behalf of Landlord, shall have the right to access the Leased Lands or the Right-of-Way as necessary in connection with activities associated with obtaining or implementing requirements under the

Certificate of Property Use, including without limitation, conducting inspections, sampling and groundwater monitoring, provide that such rights of access do not materially interfere with the Operations, that at least five (5) days advance notice is provided to Tenant and that any Person accessing the Leased Lands or the Right-of-Way shall comply with all of Tenant's reasonable safety and security rules and regulations in effect, a copy of which shall be provided by Tenant to Landlord from time to time.

12.5 Exit Report and Remediation.

- (A) The Parties shall obtain an environmental assessment of the Leased Lands (the "**Exit Report**") by an independent qualified environmental consultant as appointed or approved by the Parties, not earlier than six (6) months prior to the expiry or any earlier termination or surrender of the Term, the cost of which shall be shared equally by the Parties. The Record of Site Condition together with the existing environmental reports and site diagram provided by Landlord pursuant to Section 12 of the Option Agreement (hereinafter collectively, the "**Baseline Reports**"), shall be used as evidence in determining whether the presence of Hazardous Substances pertain to the period prior to the Commencement Date.
- (B) If the Exit Report reveals the Existence of any Hazardous Materials that exceeds levels permitted under Environmental Laws, then the consultant preparing the Exit Report shall also include in the Exit Report its opinion as to which party is responsible for the release of such Hazardous Materials and its recommendations for remediating such Hazardous Material in order that the Leased Lands are remediated to the standard required by Environmental Laws, it being acknowledged that remediation will be in the context of the Property being used for industrial/commercial purposes.
- (C) Tenant shall complete any remediation it is obligated to conduct at its sole cost and expense. In the event that remediation by Tenant does not fully restore the Leased Lands, Tenant shall compensate Landlord to the extent of damage caused by Tenant that is not remediated, it being acknowledged that remediation will be in the context of the Property being used for industrial/commercial purposes. Notwithstanding the foregoing, Tenant shall not be responsible for the remediation of any Hazardous Materials located in, on or under the Leased Lands that were released there by Landlord or one of its predecessors or that migrated therefrom property owned by Landlord.

12.6 Landlord's Liability. Except if, and to the extent that any claims arise from the negligence or wilful misconduct of Tenant, its servants, employees, agents or any other Person for whom Tenant is responsible at law, Landlord shall be responsible for any and all claims arising from Hazardous Materials, upon, in, or under or emanating from the Leased Lands or the Right-of-Way that were released or present upon, in or under the Leased Lands or the Right-of-Way prior to the Commencement Date.

12.7 Tenant's Liability. Except if, and to the extent that any claims arise from the negligence or wilful misconduct of Landlord, its servants, employees, agents or any other Person for whom Landlord is responsible at law, Tenant shall be responsible for any and all claims arising from Hazardous Materials, upon, in, or under or emanating from the Leased Lands or the Right-of-Way that were released upon or introduced to the Leased Lands during the Term and any extension thereof, and for any and all claims arising from

Hazardous Materials upon, in, or under or emanating from the Right-of-Way that were released upon or introduced to the Right-of-Way by Tenant, its employees, servants, agents, contractors or any other Persons for whom Tenant is responsible at law.

12.8 Survival. The obligations and covenants contained in Sections 12.1 through 12.5, inclusive shall terminate twenty-four (24) months after the expiration or earlier termination of this Lease, provided, however, if the provisions of Section 12.5 are not satisfied within such timeframe, such provisions shall remain in full force and effect until completion of remediation by Tenant or acceptance of the Exit Report by Landlord. The provisions of Section 12.6 and 12.7 shall survive the expiration or earlier termination of this Lease indefinitely.

13. Insurance.

13.1 Tenant's Insurance.

(A) Tenant shall, at its sole cost and expense, take out and keep in full force and effect throughout the Term, any Extension Term and any period when it is in possession of the Leased Lands, the following insurance:

- (i) "all-risks" insurance (including flood and earthquake) upon property of every description and kind owned by Tenant, or for which Tenant is legally liable, or installed by or on behalf of Tenant, including, without limitation, all Improvements in an amount of not less than the full replacement cost thereof without deduction for depreciation, subject to a stated amount clause and an inflation protection endorsement. Landlord shall be named as an additional insured and as a loss payee as its interests may appear in such insurance policies. Such insurance policies may contain reasonable deductibles in amounts acceptable to Landlord, acting reasonably;
- (ii) commercial liability and property damage insurance on an occurrence basis including personal injury liability, bodily injury liability, contractual liability, "all-risks" tenants legal liability for the full replacement costs of the Leased Lands and Improvements, non-owned automobile liability and owners and contractors protective insurance coverage with respect to the Leased Lands and the Right-of-Way, coverage to include the Operations and all other business operations conducted by Tenant and any other person on the Leased Lands and the Right-of-Way. Such policies shall be written on a comprehensive basis with limits of not less than \$5,000,000.00 for any one claim and contain an aggregate limit of no less than \$10,000,000.00, or such higher amounts as Landlord may require from time to time. Landlord shall be named as additional insureds in such insurance policies;
- (iii) business interruption insurance in an amount which will reimburse Tenant for direct or indirect loss of earnings attributable to all perils insured against in Section 13.1(A)(i) and other perils commonly insured against by prudent tenants or attributable to prevention of access to the Leased Lands or the Right-of-Way as a result of such perils and which shall include provision for the payment of the Rent required hereunder and be

in a profits form of coverage with an indemnity period of not less than twelve (12) months;

- (iv) broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount at least equal to the replacement cost of all Improvements and of all boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus owned or operated by Tenant or by others (other than Landlord) on behalf of Tenant on, or relating to, or serving the Leased Lands or the Right-of-Way, subject to an agreed amount clause. Landlord shall be named as an additional named insured;
- (v) standard owners' form automobile insurance providing third party liability insurance with \$2,000,000 inclusive limits, and accident benefits insurance, covering all licensed vehicles owned, leased or operated by or on behalf of Tenant;
- (vi) any other form or forms of insurance as Landlord may reasonably require from time to time in amounts and for insurance risks against which a prudent tenant would protect itself.

Tenant shall be responsible for the payment of all (a) insurance premiums for the insurance policies required by this section; and (b) deductibles payable under the insurance policies required by this section.

- (B) All policies required by this section shall:
 - (i) be in form and with insurers acceptable from time to time to Landlord;
 - (ii) contain an endorsement requiring the insurers under such policies to notify Landlord in writing at least thirty (30) days prior to any cancellation thereof;
 - (iii) contain a waiver in favour of Landlord and any Mortgagee of any breach of warranty clause such that the insurance policies in question shall not be invalidated in respect of the interests of Landlord and any Mortgagee by reason of a breach by Tenant of any warranty contained in such policies; and
 - (iv) contain a clause stating that Tenant's insurance policy will be considered as primary insurance and shall not call into contribution any other insurance that may be available to Landlord.
- (C) All liability insurance required pursuant to this section shall contain a severability of interest clause and cross liability clause.
- (D) All property, boiler and machinery and business interruption insurance required pursuant to this section shall contain:
 - (i) a joint loss agreement endorsement;

- (ii) a waiver of any rights of subrogation which the insurers of Tenant may have against Landlord and those for whom Landlord is in law responsible whether the damage is caused by the act, omission or negligence of Landlord or those for whom Landlord is in law responsible and shall have attached thereto and forming part thereof the Mortgagee's standard form of mortgage clause.
- (E) Prior to the Commencement Date, Tenant shall furnish to Landlord certificates of insurance which shall:
 - (i) be signed by Tenant's insurers or insurance brokers;
 - (ii) contain sufficient particulars to enable Landlord to confirm that Tenant has taken out the insurance required by this Lease to be taken out by Tenant; and
 - (iii) if required by Landlord, be in Landlord's standard form,or, if required by Landlord or any Mortgagee, certified copies of all such policies. Tenant shall provide written evidence of the continuation of such policies not less than thirty (30) days prior to their respective expiry dates.
- (F) If:
 - (i) Tenant fails to take out or maintain any of the insurance required by this section; or
 - (ii) any of the insurance required by this section is not approved by Landlord and Tenant fails to rectify the situation within forty-eight (48) hours after written notice by Landlord that it does not approve of such insurance, Landlord shall have the right, but not the obligation, to effect the insurance required by this section, and to pay the cost of premiums therefor. In such event, Tenant shall pay to Landlord, as additional Rent, the amount so paid by Landlord, plus 15% thereof as an administrative charge, forthwith on demand.
- (G) Regardless of any other provision of this Lease to the contrary, Tenant hereby releases and waives any and all Claims against Landlord and the Landlord Beneficiaries with respect to occurrences to be insured against by Tenant in accordance with its obligations under this Lease and whether any such Claims arise as a result of the negligence or otherwise of Landlord or the Landlord Beneficiaries.

13.2 Landlord's Insurance. Landlord shall, at its sole cost and expense, take out and keep in full force and effect throughout the Term and any Extension Term, any form of insurance, in amounts and for insurance risks against which a prudent landlord would protect itself, Landlord shall provide reasonable proof of such insurance upon request of Tenant.

14. Assignment.

14.1 Consent Required. Tenant shall not effect a Transfer without the prior written consent of Landlord in each instance, which consent may not to be unreasonably withheld or delayed. This prohibition against a Transfer is to be construed so as to include a prohibition against any Transfer by operation of law. The consent by Landlord to any Transfer, if granted, shall not constitute a waiver of the necessity for such consent to a subsequent Transfer. No Transfer shall take place by reason of a failure by Landlord to reply to a request by Tenant for consent to a Transfer. Notwithstanding the foregoing, Tenant may transfer, sell, encumber, convey or otherwise assign without consent all (but not part) of Tenant's rights and interest in the Project, the Property, the Improvements and in this Lease:

- (A) to any affiliate (as defined in the *Business Corporations Act* (Ontario) of Tenant; and
- (B) subject to Section 15.1, as security, to one or more lenders, chargees, beneficiaries of deeds of trust, or other holders of a beneficial interest in a Charge (a "**Chargee**" or "**Chargees**") in connection with financing (including refinancing) all or part of the Project, and/or the Improvements.

Tenant shall notify Landlord in writing promptly upon any assignment of this Lease as provided for herein.

14.2 Easements Granted to HONI. Provided Tenant is not in default under this Lease, Tenant shall have the right, upon not less than thirty (30) days prior written notice to Landlord, to grant easements or licences in all or one or more portions of the Leased Lands to Hydro One Networks Inc. ("**HONI**"). Such easements or licences shall be granted solely for the purpose of enabling Tenant to utilize the Leased Lands for the purposes permitted by this Lease and for no other purpose, and shall not be binding upon Landlord or Landlord's interest in the Leased Lands or the Property. Upon the expiration, termination or surrender of this Lease for any reason, all such easements or licences shall automatically and simultaneously terminate and be of no further force or effect, and Landlord may re-enter and possess the Leased Lands free and clear of any such easements or licenses. Tenant's indemnification of Landlord against Claims pursuant to Section 11.2 shall include, without limitation, any Claims in connection with the occupancy or use by HONI of all or any portion of the Leased Lands, and for the purposes of such Section 11.2, HONI shall be deemed to be a Person for whom Tenant is in law responsible.

14.3 Factors for Consent. Notwithstanding the fact that Landlord may not unreasonably withheld its consent to a Transfer, Landlord will be considered to be reasonably withholding its consent if its reason or reasons for doing so is or are based upon all or any of the following factors:

- (A) Tenant is in default under this Lease;
- (B) a proposed change in the use of the Leased Lands or the Right-of-Way;
- (C) the Transferee not having a debt to equity ratio of 7:3 or lower;

- (D) the Transferee, its principals or any partnership or corporation in which the Transferee or its principals was a member or a shareholder at the time, having become bankrupt or insolvent;
- (E) any factor which a court of law would consider to be reasonable.

14.4 Transfers.

- (A) If Tenant intends to effect a Transfer, Tenant shall provide Landlord with prior written notice of its intention to effect such Transfer, which written notice shall set out the name of the proposed Transferee and its principals and be accompanied by:
 - (i) such information regarding the proposed Transferee as Landlord may reasonably require in order to determine whether or not to consent to the proposed Transfer, including, without limitation, information concerning the principals of the Transferee, a detailed breakdown of the proposed Transferee's, and its principals, prior business experience, complete credit, financial and business information regarding the proposed Transferee and its principals and an original copy of all documents and agreements relating to the proposed Transfer; and
 - (ii) the sum of \$2,000.00, being Landlord's administrative fee payable for considering Tenant's request for consent. Such fee excludes any legal fees and disbursements which Landlord may incur in connection with a request for its consent. Landlord shall be entitled to increase the said amount from time to time.

Landlord shall not be required to consider any request for its consent until such time as it has received all of the preceding information and monies. Landlord will, within thirty (30) days after having received such written notice and all such necessary information and monies, notify Tenant in writing either that it consents (subject to Tenant complying with all of the provisions of this Section 14.4 on its part to be complied with) or does not consent to the Transfer.

- (B) If there is a Transfer of this Lease, Landlord may collect Rent and other amounts required to be paid by Tenant from the Transferee and apply the net amount collected to the Rent and other amounts required to be paid pursuant to this Lease, but no acceptance by Landlord of any payments by a Transferee shall be deemed a waiver of the obligation to obtain Landlord's consent to a Transfer, or the acceptance of the Transferee as tenant, or a release of Tenant from the further performance by Tenant of Tenant's covenants, agreements and obligations under this Lease.
- (C) Any document evidencing a Transfer shall be prepared by Tenant or its solicitors. Any document evidencing Landlord's consent to a Transfer shall be prepared by Landlord or its solicitors.
- (D) All legal and administrative costs incurred by Landlord with respect to a request by Tenant for Landlord's consent to a proposed Transfer (including the costs of all examinations, the costs of preparing all requisite documents, processing costs, the costs of all negotiations by Landlord or its solicitors) shall be paid by

Tenant to Landlord forthwith upon demand, and, in any event, prior to Landlord giving its consent. For greater certainty, such costs shall be paid by Tenant whether or not Landlord consents to the proposed Transfer.

- (E) Any consent by Landlord shall be subject to Tenant and the Transferee executing an agreement with Landlord providing for the following:
 - (i) the Transferee's agreement to be bound by all of Tenant's covenants, agreements and obligations under this Lease as if such Transferee had originally executed this Lease as tenant;
 - (ii) if the Transferee is not an assignee, the Transferee's agreement that, at Landlord's option, all of the Transferee's right, title and interest in and to the Leased Lands and the Right-of-Way absolutely terminate upon the surrender, release, disclaimer or merger of this Lease, despite the provisions of section 21 or section 39(2) of the Commercial Tenancies Act (Ontario);
- (F) All amounts payable by Tenant pursuant to this Lease up to the effective date of the Transfer, including, without limitation, all amounts required to be paid by Tenant pursuant to this Section 14.4, shall be paid in full to Landlord prior to Landlord executing the document evidencing its consent to the Transfer, and until such time as the said amounts are paid in full, Landlord shall be under no obligation to give its consent to the Transfer or execute the document evidencing its consent thereto. Where any such amounts cannot be finally determined at that time, Tenant shall deposit with Landlord an amount reasonably estimated by Landlord to cover such undetermined amounts, such amount to be held by Landlord without any liability for interest thereon until the estimated amounts become finally determined by Landlord, at which time the appropriate adjustments shall be made.
- (G) If this Lease is disclaimed or terminated by any trustee in bankruptcy of any Transferee or by the Transferee in accordance with its rights under the *Bankruptcy and Insolvency Act*, Tenant shall not be released from its obligations under this Lease. Tenant's obligations under this section shall survive any such disclaimer or termination.
- (H) Regardless of any Transfer permitted or consented to by Landlord, Tenant shall not be released from its obligation to observe and perform all of Tenant's covenants and obligations under this Lease and Tenant and the Transferee shall be jointly and severally liable for the performance of Tenant's covenants and obligations.

14.5 Corporate Ownership.

- (A) If Tenant is a corporation or if Landlord consented to a Transfer of this Lease to a corporation, any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription, from time to time of all or any part of the corporate shares of Tenant or of any direct or indirect parent corporation of Tenant which results in any change in the present effective voting control of Tenant by the Person holding such voting control at the date of execution of this Lease (or at the date a Transfer of this Lease to a corporation is

permitted) shall, for the purposes of this Section 14, be deemed a Transfer. If Tenant does not acquire the prior written consent of Landlord as required by the preceding provisions of this Section 14, Landlord shall be entitled to terminate this Lease upon five (5) days written notice to Tenant. Tenant shall make available to Landlord, or its lawful representatives, all corporate books and records of Tenant for inspection at all reasonable times, in order to ascertain whether there has been any change in control.

- (B) This Section 14.5, however, shall not apply to Tenant if at such time:
- (i) Tenant is a public corporation whose shares are traded and listed on any recognized stock exchange in Canada or in the United States; or
 - (ii) Tenant is a private corporation but is controlled by a public corporation defined as aforesaid.

14.6 Assignment by Landlord. The Parties agree that this Lease and the provision herein shall run with the title of the Leased Lands, and that any transferee of Landlord's rights in the Leased Lands shall take the Leased Lands subject to this Lease and the terms hereof. Notwithstanding the foregoing, Landlord shall have the right to grant easements or licenses over part or parts of the Property from time to time, so long as such grants and the exercise of the rights thereunder do not affect the exercise by Tenant of its rights hereunder. Upon the sale or lease by Landlord of the Leased Lands, or the assignment by Landlord of this Lease or the interest of Landlord herein, and to the extent such purchaser or assignee assumes the obligations of Landlord under this Lease, Landlord shall, thereupon and without further agreement be released and relieved of all further obligations and liability under this Lease.

15. Consent to Charge.

15.1 Consent. Tenant may from time to time, without the prior written consent of Landlord, encumber Tenant's interest in this Lease, the Leased Lands and the Right-of-Way by one or more charge/mortgages, deeds of trust or other real or personal property security instruments (each a "**Charge**"), provided that any Charge and all rights acquired under it shall be subject to each and all of the covenants, conditions and restrictions stated in this Lease and to all rights and interests of Landlord and further provided, that Tenant shall promptly upon the execution of any Charge deliver a true copy thereof to Landlord. Nothing contained in such Charges shall release or be deemed to relieve Tenant from full and faithful observance and performance of the terms, covenants and conditions herein contained to be observed and performed by Tenant or from any liability for the non-observance or non-performance of any of the terms and conditions hereof, nor be deemed to constitute a waiver of any rights of Landlord hereunder, except as expressly provided for herein.

15.2 Statement by Landlord. At the request of Tenant or a Chargee, Landlord:

- (A) shall execute, acknowledge and deliver to such Tenant or Chargee, a written statement declaring:
- (i) either that the Lease is unmodified and in full force and effect, or the manner in which the Lease had been modified and whether the Lease as so modified is in full force and effect;

- (ii) the dates to which Tenant's monetary obligations hereunder have been paid in advance;
 - (iii) whether Tenant is or is not then in default hereunder; and
 - (iv) whether any past defaults have been fully cured; and
- (B) shall enter into any reasonable non-disturbance agreements with any Chargee which requests such an agreement providing that Landlord shall recognize the rights of Tenant and such Chargee and not disturb Tenant's possession of the Property so long as Tenant is not in default of any of the provisions of this Lease. Any such agreement shall contain provisions identical or similar to those described in Section 24.

16. Payment of Taxes. Landlord shall pay all real property taxes or any other taxes and assessments levied against the Property. Tenant shall pay any business taxes, personal property taxes on the Improvements and/or any such taxes that were directly attributable to any equipment or facilities installed by Tenant on the Leased Lands or the Right-of-Way. Where such business taxes, personal property taxes or other taxes are included in the realty taxes for the Property payable by Landlord, and where any increase in realty taxes are attributable, in the opinion of Landlord, acting reasonably, to the Operations or the installation and operation of the Improvements or any equipment or facilities installed by Tenant, Tenant shall be responsible for such increase and shall pay the amount of such increase, as reasonably determined by the Landlord, as additional Rent to Landlord within thirty (30) days following receipt of written demand. Provided, however, such obligation shall not include any recaptured taxes attributable to any period prior to the Commencement Date or any interest or penalties thereon or to any increases in taxes due to reassessment upon a transfer of the fee simple interest in the Property by Landlord, and Tenant shall have the right, at its own expense, to appeal or contest any such increases and to compromise and settle the same and Landlord shall execute such petitions and agreements and otherwise cooperate with Tenant to the extent reasonably necessary for Tenant to do so, provided the Landlord shall not incur any financial or other obligation as a consequence. If any such appeal or contest by Tenant shall result in any increase in real property or other taxes levied against the Property or any part thereof, Tenant shall be responsible for such increase and shall pay the amount of such increase, as reasonably determined by Landlord, within thirty (30) days following receipt of written demand.

17. Surrender and Restoration.

17.1 Surrender. Upon any termination, surrender, or expiration of this Lease, Tenant shall remove all of Tenant's Improvements and shall peaceably deliver up to Landlord possession of the Leased Lands and the Right-of-Way, and other rights granted by this Lease, and shall execute, at Landlord's request, any and all reasonable documents needed to record or evidence such termination.

17.2 Restoration. Upon any termination, surrender, or expiration of this Lease or expiration of permitted use, and within one hundred and eighty (180) days thereof, Tenant shall restore the Leased Lands as is reasonably practicable to its original condition as the same existed at the inception of this Lease and shall repair any damage, to the extent reasonably practicable, to the Leased Lands and the Right-of-Way as a result of any installation or removal of Tenant's Improvements and Equipment. The provisions of this Section 17 shall survive any termination, surrender or expiration of this Lease.

18. Expropriation. If all of the Leased Lands is taken by expropriation, or is purchased by any governmental agency or governmental body exercising the power of expropriation or eminent domain, or should a partial taking render the remaining portion of the Leased Lands substantially unusable for Tenant's permitted uses, in Tenant's sole and absolute discretion, then this Lease may be terminated by Tenant by notice to Landlord at any time within sixty (60) days following the vesting of title or taking of possession. If the taking or expropriation is partial, Tenant shall have the option of terminating this Lease or continuing this Lease for the remainder of the Leased Lands and the Right-of-Way. No part of the Rent shall abate or be refunded to the Tenant as a consequence of any of the foregoing. Upon such termination, Tenant shall surrender to Landlord the Leased Lands and the Right-of-Way or the portion thereof affected by such termination and Landlord may re-enter and take possession thereof. Each Party shall have the right to seek recovery from the governmental agency or body exercising such power of expropriation or eminent domain, but not from the other, such compensation as may be separately available to each party by reason of such expropriation, purchase or taking. Tenant shall be entitled to any award made for the reasonable removal and relocation costs of any Improvements that Tenant has the right to remove, and for the loss and damage to any such Improvements that Tenant elects or is required not to remove, and for the loss of use of the Leased Lands by Tenant. Neither Party shall take any steps or actions which would compromise the other Party's claim for such compensation, nor shall either Party assert any claims against the other for such expropriation, purchase or taking.

19. Default. In the event of any alleged default or failure to perform any obligation under this Lease, the non-defaulting Party shall give the alleged defaulting Party written notice thereof, which notice shall include the acts required to cure the same with reasonable specificity. The Party failing to make any monetary payment when due shall have a period of thirty (30) days after such notice is given within which to cure such default. In the event of any other failure, the defaulting Party shall have a period of forty-five (45) days within which to cure such default, which period shall be extended to the extent reasonably necessary to complete such cure so long as the cure was commenced within forty-five (45) days after such notice is given and thereafter prosecuted with due diligence. Delinquent payments shall bear interest from their respective due dates until paid at the rate of the lesser of seven percent (7%) per annum, or the maximum rate permitted by law. Any prohibited conduct under this Lease may be enjoined and this Lease shall be specifically enforceable. Landlord's remedies shall include the right to terminate this Lease and evict Tenant from the Property, provided that such right to terminate shall only be effective following the expiration of any cure periods described above and in Section 24.

20. Landlord's Remedies.

20.1 Landlord's Remedies.

- (A) If and whenever a default or failure by Tenant to perform any obligation under this Lease shall occur, then subject to Section 19 hereof (and any other cure periods provided for hereunder) Landlord has, to the extent permitted by law, the immediate right of re-entry upon the Leased Lands and the Right-of-Way and it may expel all Persons and remove all Improvements and other property from the Leased Lands and the Right-of-Way and, subject to Section 40 hereof and to the rights of any Chargee, such Improvements and other property may be removed and sold or disposed of by Landlord in such manner as Landlord in its reasonable discretion deems advisable. In the event Landlord sells such Improvements and other property in accordance with the foregoing, Landlord

shall apply all net proceeds received from such sale against the damages suffered by Landlord as a result of such re-entry, and any other amount owing by the Tenant to the Landlord hereunder.

- (B) If Landlord elects to re-enter the Leased Lands and the Right-of-Way or if it takes possession pursuant to legal proceedings or pursuant to any notice provided for by law, it shall have the right to terminate this Lease and to retain any prepaid Rent, as liquidated damages on account of the minimum amount of damages which the Parties agree Landlord will suffer as a result of such termination, all without the necessity for any legal proceedings, and the rights set out in (A) above, but, except as provided in Section 20.1(E), no other rights to future Rent or other payments or reimbursement whatsoever, excepting only for the costs of removing Improvements and repairing related damage, and any other costs of restoration of the Leased Lands as provided for in Section 17 hereof.
- (C) If Landlord terminates this Lease, in addition to any other remedies it may have, Landlord may recover from Tenant all damages and costs it incurs by reason of Tenant's breach, including, without limitation, the cost of recovering the Leased Lands and the Right of Way and all reasonable legal costs, on a full indemnity basis.
- (D) If the assistance of legal counsel shall be required to recover possession of the Leased Lands and/or the Right of Way, or because of a breach of any of Tenant's covenants, or to advise Landlord of any of the foregoing matters, Tenant shall pay to Landlord all expenses incurred therefor, including reasonable legal fees on a full indemnity basis, as additional Rent.
- (E) The rights and remedies given to Landlord in this Lease are distinct, separate and cumulative, and no one of them, whether or not exercised by Landlord shall be deemed to be in exclusion of any other rights or remedies provided in this Lease or by law or in equity.
- (F) No receipt of monies by Landlord from Tenant after the termination of this Lease in any lawful manner shall reinstate, continue or extend the Term, or affect any notice previously given to Tenant or operate as a waiver of the right of Landlord to enforce the payment of Rent then due or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Leased Lands and/or the Right-of-Way by proper suit, action, proceedings or other remedy, excepting when there is written agreement in the contrary. After the service of any notice to terminate this Lease and the expiration of any time therein specified or after the commencement of any suit, action, proceeding or other remedy, or after a final order or judgment for possession of the Leased Lands and/or the Right-of-Way, Landlord may demand, receive and collect any monies due, or thereafter falling due without in any manner affecting such notice, suit, action, proceeding, order or judgment. Any and all such monies so collected shall be deemed payments on account of the use and occupation of the Leased Lands and the Right-of-Way or at the election of Landlord on account of Tenant's liability hereunder.
- (G) No condoning or waiver by either Landlord of any default or breach by Tenant at any time or times in respect of any of the agreements, terms, covenants and conditions contained in this Lease to be performed or observed by the other shall be deemed or construed to operate as a waiver of Landlord's rights under this

Lease, in respect of any continuing or subsequent default or breach nor so as to defeat or affect in any way the rights or remedies of Landlord under this Lease, in respect of any such continuing or subsequent default or breach. Unless expressly waived in writing, the failure of Landlord to insist in any one or more cases upon the strict performance of any of the agreements, terms, covenants and conditions contained in this Lease to be performed or observed by Tenant shall not be deemed or construed to operate as a waiver for the future strict performance or observance of such agreements, terms, covenants and conditions. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any of Tenant's covenants regardless of Landlord's knowledge of such preceding breach at the time of its acceptance of such Rent.

- (H) No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated shall be deemed to be other than on account of the earlier stipulated Rent, nor shall any endorsement or statement on any cheque or any letter accompanying any cheque or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such cheque or payment without prejudice to Landlord's rights to recover the balance of such Rent or pursue any other remedy provided in this Lease.

21. Termination by Tenant.

21.1 Notice of Termination. Subject to Section 17, but notwithstanding any other provisions of this Lease, Tenant shall have the right, at any time on ninety (90) days' notice to Landlord, to terminate this Lease and surrender to Landlord all of Tenant's right, title and interest in and to the Leased Lands and the Right-of-Way by executing and delivering to Landlord a quitclaim deed or surrender of this Lease. Any Rent previously paid in advance to Landlord shall remain the property of Landlord.

21.2 Post-termination/Expiry Matters. In the event of termination or expiry of this Lease Tenant shall have up to one hundred and eighty (180) days following the termination or expiry to perform its obligations under Section 17.

22. Certain Protective Covenants.

22.1 Interference. During the Term, and provided Tenant is not in default under this Lease, Landlord covenants and agrees that neither it nor Landlord's Agents will:

- (A) materially interfere with or prohibit the free and complete use and enjoyment by Tenant of its rights granted by this Lease;
- (B) take any action which will in any way materially interfere with the transmission of electric, electromagnetic or other forms of energy to or from the Leased Lands; or
- (C) take any action which will materially impair Tenant's access to the Leased Lands for the purposes specified in this Lease or materially impair Tenant's access to any or all of the Improvements.

22.2 Quiet Enjoyment. As long as Tenant observes the terms and conditions of this Lease, Landlord warrants, covenants and agrees that Tenant shall peaceably hold and enjoy the Leased Lands, and any and all other rights granted by this Lease for its entire term

without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under Landlord except as expressly provided in this Lease and the Landlord shall not conduct or permit any activities on the Leased Lands and the Right of Way which could reasonably have the effect of limiting the lawful use of the Tenant as provided hereunder, or requiring material modifications, repairs or expenditures in order to permit the Tenant to utilize the Leased Lands and the Right of Way for the purposes set out herein.

22.3 Warranty of Title. Landlord hereby warrants that:

- (A) Landlord is the registered and beneficial owner of the Property in fee simple;
- (B) Landlord, previous to the time of execution of this Lease, has not leased the Leased Lands or the Right-of-Way, or any part thereof, under any lease or other instrument that is currently effective;
- (C) the leasehold estate created hereby is free from encumbrances done, made, or suffered by Landlord, or any Person claiming under Landlord, except for such encumbrances that are registered against title to the Property as of the date of this Lease, or otherwise disclosed in writing by Landlord to Tenant, any encumbrances granted by Landlord to Tenant, and except as disclosed in Schedule "D" attached hereto; and
- (D) all persons having any ownership interest in the Leased Lands (including spouses) have consented to the execution of this Lease.

22.4 Observance of Laws and Covenants. Tenant shall use the Leased Lands and the Right-of-Way granted by this Lease only for the purposes stated herein and shall conduct all of its Operations on the Leased Lands and the Right-of-Way in a lawful manner after obtaining all necessary permits and government approvals. Tenant will carry out its responsibilities and exercise any rights which it possesses under this Lease in a manner which is in strict compliance with all applicable laws, rules, ordinances, orders and regulations of all governmental authorities and governmental agencies.

23. Status Statement, Attornment and Subordination.

23.1 Status Statement. Within ten (10) days of being requested to do so by Landlord from time to time, Tenant shall execute and deliver to Landlord a statement in writing, in the form supplied by Landlord and made in favour of such Person as Landlord may specify, certifying that this Lease is unmodified and in full force and effect (or if modified, stating the modification and that the Lease is in full force and effect as modified), the Commencement Date, the amount of Rent then being paid under this Lease, the dates to which Rent has been paid, whether or not there is any existing default on the part of Landlord of which Tenant is aware and any other particulars regarding this Lease, the Leased Lands or the Right-of-Way that Landlord may request.

23.2 Attornment. Tenant shall, if proceedings are brought for the foreclosure of, or if there is exercise of the power of sale under any Mortgage of the Leased Lands and/or the Right-of-Way or any part or parts thereof made by or at the direction of Landlord, attorn to the Mortgagee or the purchaser upon any such foreclosure or sale and recognize such Mortgagee or the purchaser as the Landlord under this Lease. Tenant shall execute

promptly such instruments or certificates to carry out the intent of this Section 23.2 as shall be requested by Landlord, or such Mortgagee or purchaser.

- 23.3 Lease Subordination. Provided a non-disturbance agreement in favour of Tenant is provided in respect of any Mortgage registered in priority to this Lease, in a form reasonably acceptable to Tenant and in accordance with Section 23.4 hereof, this Lease and all the rights of Tenant hereunder shall be subject and subordinate to any such Mortgage affecting the Leased Lands and/or the Right-of-Way or any part or parts thereof, and to all advances made or hereafter to be made upon the security thereof and all renewals, modifications and extensions thereof. Tenant agrees to execute promptly whenever requested by Landlord or any Mortgagee an instrument or instruments confirming such subordination or postponement of this Lease to such Mortgage, provided that the corresponding non-disturbance agreement has been executed or is executed concurrently.
- 23.4 Non-Disturbance Agreement. Any non-disturbance agreement pursuant to Section 23.3 shall be on the Mortgagee's standard form and will, among other things, provide that if the Mortgagee enforces its security, Tenant will be entitled to remain in possession of the Leased Lands and the Right-of-Way in accordance with the terms of this Lease provided that Tenant is not in default under this Lease. If Tenant wishes to make changes to a Mortgagee's standard form of non-disturbance agreement, Tenant shall negotiate such changes directly with the Mortgagee. All costs incurred by Landlord in connection with attempting to obtain such non-disturbance agreement, including, without limitation, all legal costs and any amounts charged by the Mortgagee, shall be paid for by Tenant on demand being made by Landlord. For greater certainty, all such costs shall be paid by Tenant regardless of whether or not Landlord obtains the said non-disturbance agreement.
- 23.5 Financial and Other Information. Tenant shall, upon request, provide Landlord with such information as to Tenant's financial standing and corporate organization as Landlord or any Mortgagee may reasonably require from time to time which information shall be certified to be true and correct by a senior officer of Tenant.
- 24. Protection of Chargee**. Any Chargee of any interest of Tenant hereunder shall for so long as its Charge is in existence and until the lien thereof has been extinguished be entitled to the following protection:
- 24.1 Amendment not to bind Chargee. No amendment or modification of this Lease which would materially adversely affect the Chargee's interest in the Lease, and no agreement to any mutual termination or accept any surrender of this Lease, shall be effective to bind the Chargee, without the written consent of the Chargee.
- 24.2 Notice of Default. Notwithstanding any default by Tenant under this Lease, Landlord shall have no right to terminate this Lease unless and until Landlord shall first have given Chargee(s) a written notice of Tenant's default and thereafter afforded Chargee(s) an opportunity to cure such default within the period(s) specified in Section 19 and Chargee(s) shall have failed to effect the cure of such default within the period(s) specified in Section 19.
- 24.3 Right to Perform. Chargee shall have the right at any time to pay any rent due hereunder and to perform or cause to be performed any other obligation of Tenant at or

within the time such payment or performance is required under this Lease. Nothing in this Lease shall be construed to obligate Chargee to cure any default of Tenant.

24.4 Right to Cure. Chargee shall be entitled to remedy any default under this Lease in the manner and on the same terms as granted to Tenant in Section 19.

24.5 Foreclosure/Power of Sale. If Tenant's First Chargee (meaning the Chargee whose Charge is registered first on title in time) becomes the assignee of this Lease by means of foreclosure or arising out of any power of sale, such First Chargee shall be personally liable under this Lease only for the period First Chargee remains an assignee hereunder, provided that any subsequent assignee shall assume and agree to be bound by all the terms and conditions of this Lease.

24.6 Termination of Lease. If this Lease shall terminate prior to the expiration of the Term or any Extension Term as a result of the bankruptcy of Tenant, by operation of law or because of a failure to cure a default pursuant to Section 19, Landlord shall enter into a new lease in registerable form with the Chargee which holds the most senior lien against Tenant's leasehold estate and demands such new lease within thirty (30) days following such termination. Such new lease shall contain the same terms and provisions as this Lease. Landlord's obligation to enter into a new lease as provided herein is conditioned upon the cure by such Chargee of any and all defaults under this Lease other than defaults, if any, that are unique to the defaulting Tenant which cannot be cured by the payment of money or the acts of the curing Chargee.

24.7 Assignment Following Foreclosure or Termination. In the event:

(A) that any Chargee or purchaser of the Property from such Chargee acquires Tenant's leasehold estate hereunder following a final order of foreclosure or exercise of the power of sale contained in, any Charge; or

(B) any Chargee enters into a new lease pursuant to Section 24.6;

then subject to the Chargee or purchaser obtaining the consent of Landlord to such assignment, which consent is not to be unreasonably withheld or delayed, the liability of such Chargee or purchaser, as the case may be, under this Lease or any such new lease shall, subject to the following sentence, cease upon the assignment, provided that the assignee agrees to perform each and every obligation of Tenant under this Lease or such new lease and that there is no default under this Lease or any such new lease. The release of such Chargee or purchaser, as the case may be, from liability under this Lease or any such new lease as provided herein is conditioned upon the cure of any and all defaults under this Lease as of the time of such assignment other than defaults, if any, that are unique to the defaulting Tenant which cannot be cured by the payment of money or the acts of the curing Chargee or purchaser, as the case may be. Notwithstanding Section 14.3 above, the Landlord shall be considered to be reasonably withholding its consent in respect of an assignment under this Section 24.7 if its reason or reasons for doing so, without limitation, are based upon all or any of the following factors:

(A) a proposed change in the use of the Leased Lands or the Right-of-Way;

(B) the assignee not having a debt to equity ratio of 7:3 or lower; or

- (C) the assignee, its principals or any partnership or corporation in which the assignee or its principals was a member or a shareholder at the time, having become bankrupt or insolvent.

24.8 **No Merger.** In the event Tenant acquires fee ownership of the Leased Lands, or in the event of Tenant's voluntary surrender of the leasehold estate, there shall be no merger of the leasehold estate created by this Lease with the fee without the prior written consent of all Chargees.

25. **HONI Agreement.** Provided it is not in default under this Lease, at any time during the Term or any Extension Term, Tenant shall have the right to give written notice to Landlord that HONI or its successors or assigns requires that Landlord enter into its standard landowner agreement in the form attached as Schedule "E" in respect of the construction, installation, maintenance, repair and replacement of certain infrastructure related to the Project to be located on the Property, following the receipt of which, Landlord agrees to enter such agreement with HONI promptly thereafter, and without further payment therefor. Landlord acknowledges having received a copy of the then current form of HONI landowner agreement. Any easement granted by Landlord to HONI whether in such landowner agreement or otherwise shall not be terminable by Landlord because of a breach of this Lease unless all Chargees have received a notice of breach and have failed to cure such breach pursuant to this Lease.

26. **Notice.**

26.1 **Writing.** All notices given or permitted to be given hereunder shall be in writing; provided, however, that no writing other than the cheque or other instrument representing the Rent payment itself need accompany the payment of Rent.

26.2 **Delivery.** Notice is considered given either when delivered in person or by courier to the recipient named below, or three (3) business days after deposit in Canadian mail-in a sealed envelope or container, postage and postal charges prepaid, addressed by name and addressed to the Party or person intended as follows:

(A) **Notice to Landlord.** See Section 1.3.

(B) **Notice to Tenant.** See Section 1.15.

26.3 **Change of Recipient or Address.** Either Party may, by written notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a Party or an officer or representative, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

27. **Expenses of Enforcement.** If either Party hereto brings any proceedings to enforce any of the terms, covenants or conditions hereof, the prevailing Party shall be entitled to recover from the other Party thereto reimbursement for all reasonable expenses, costs and legal fees (on a full indemnity basis) incurred in connection therewith.

28. **Further Assurances.** The Parties hereto shall at all times hereafter execute any documents and do any further acts which may be necessary or desirable to carry out the purposes of this Lease and to give full force and effect to each and all of the provisions thereof.

29. **Approvals and Consents Generally.** Whenever in this Lease the approval or consent of either Party is required or contemplated, unless otherwise specified, such approval or consent shall not be unreasonably withheld, conditioned and/or delayed.

30. **Amendments.** This Lease shall not be amended or modified in any way except by an instrument signed by Landlord and Tenant.

31. **Severability.** If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be determined by judicial order or decision to be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable shall not be affected thereby.

32. **Governing Law.** This Lease shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties hereby irrevocably submit to the jurisdiction of the Province of Ontario in any action or proceeding arising out of or relating to this Lease and hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such jurisdiction.

33. **Section and Paragraph Headings.** The Section headings herein are inserted only for convenience of reference and shall in no way define, limit or describe the scope or intent of a provision of this Lease.

34. **Entire Agreement.** This Lease shall constitute the entire agreement between the Parties with respect to the subject matter of this Lease and supersedes all other prior writings and understandings, including without limitation the Option Agreement.

35. **Effect of Termination.** Any termination, surrender or expiration of this Lease pursuant to the terms hereof shall not relieve either Party from any liabilities, obligations or indemnities arising prior to the effective date of such termination or which are expressed by this Lease to survive such termination, surrender or expiration.

36. **Time of Essence.** Time is of the essence regarding each provision of this Lease.

37. **No Waiver.** No waiver by either Party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by the other Party.

38. **Counterparts.** This Lease may be executed in counterparts, including by fax or other electronic transmission.

39. **Force Majeure.** Whenever and to the extent that either Party is unable to perform or is delayed or restricted in performing any obligation under this Lease in respect of the doing of any work or the making of any repairs by reason of:

- (A) being unable to obtain the material, goods, equipment, service, utility or labour required to enable it to perform such obligation;
- (B) not being able to obtain any required permission or authority;
- (C) strikes, walkouts or labour troubles;
- (D) power failures;

- (E) restrictive laws or the orders or directions of any authority (unless given as a result of a Party's failure to comply with any laws);
- (F) riots, insurrections, war, sabotage or rebellion;
- (G) abnormal weather conditions or abnormal subsurface conditions;
- (H) acts of God; or
- (I) any other event beyond its control,

such Party shall, so long as such impediment exists, be relieved from performing such obligation and the other Party shall not be entitled to any compensation for any inconvenience, loss, damage, nuisance or discomfort thereby occasioned. However, the financial inability of a Party shall not entitle such Party to the benefit of this section and the provisions of this section do not operate to excuse Tenant from its obligation to pay Rent or any other amounts payable under this Lease.

40. Ownership of Improvements. The Improvements shall not be deemed to be permanent fixtures (even if permanently affixed to the Leased Lands) and shall be and remain the sole property of Tenant. Landlord hereby waives any statutory or common law lien that it might otherwise have in or to the Improvements or any part thereof and agrees that, notwithstanding the occurrence of an event of default under the Lease beyond all applicable notice and cure periods (including those granted to Chargee), Chargee (or its designee), Tenant may remove the Improvements from the Leased Lands within ninety (90) days following termination of this Lease and re-entry upon the Leased Lands by Landlord, subject to compliance by Chargee and Tenant with Tenant's obligations under Sections 17.1 and 17.2 of this Lease, and provided that if they do not do so within such period, Landlord may remove and sell or dispose of such Improvements as provided in Section 20.1(A).

41. Confidentiality. Landlord shall hold and maintain in the strictest confidence, and shall require its principals, officers, employees, representatives, agents and independent contractors to hold and maintain in the strictest confidence, for the sole benefit of Tenant, any financial information, books, records, computer printouts, product design, information regarding Tenant, or an affiliate of any thereof, and any information regarding Operations on the Property or any other lands or projects (collectively, "**Confidential Information**"), whether disclosed by Tenant, or an affiliate of any thereof or discovered by Landlord, unless such Confidential Information:

- (A) is in the public domain by reason of prior publication through no act or omission of Landlord or its principals, officers, employees, representatives or agents;
- (B) was already known to Landlord at the time of disclosure and which Landlord is free to use or disclose without breach of any obligation to any person or entity. Landlord shall not use any such Confidential Information for its own benefit, publish or otherwise disclose such Confidential Information to others, or permit the use of such Confidential Information by others for their benefit or to the detriment of Tenant; or
- (C) is required to be disclosed by law.

42. No Partnership. Nothing contained in this Lease shall be deemed or construed by the Parties or by any third person to create the relationship of principal and agent, partnership, or

any other association between Landlord and Tenant, other than the relationship of lessor and lessee.

43. Brokerage Commissions. Landlord and Tenant each represent that such Party has not incurred, directly or indirectly, any liability on behalf of the other Party for the payment by the other Party of any real estate brokerage commission or finder's fee in connection with this Lease. Landlord and Tenant shall indemnify, defend and hold the other Party harmless from and against any claim for any brokerage commissions or finder's fees claimed to be due and owing by reason of the indemnifying Party's activities.

44. Planning Act. This Lease and the provisions hereof, which create or are intended to create an interest in the Leased Lands and/or the Right-of-Way, shall be effective to create such an interest only if the subdivision control provisions of the *Planning Act* (Ontario), as amended, are complied with. Landlord shall, upon Tenant's written request, without delay, provide such consents and authorizations as are necessary to permit Tenant to make any required applications to comply with the *Planning Act* (Ontario), as aforesaid, provided Landlord shall not thereby become subject to any financial or other obligations or liability. Tenant hereby declares that the Leased Lands and/or the Right-of-Way being acquired by Tenant pursuant to this Lease are for the purposes of a renewable energy generation facility or renewable energy project in accordance with Section 50(3)(d.1) of the *Planning Act* (Ontario). If any consent or authorization is necessary for this Lease to be in compliance with the *Planning Act* (Ontario) in respect of the duration of the Term and the Extension Terms, then until such consent or authorization is received, the Term shall be deemed to be equal to a period of twenty-one years less one (1) day and the provisions of Section 3.2 shall not apply.

45. Notice of Lease. Landlord and Tenant hereby agree that this Lease shall not be registered in any land registry office, provided that either Party shall be entitled to register a notice of this Lease in the applicable land registry office which shall disclose the Leased Lands, the Term, the Commencement Date, the Extension Terms and the Parties, but such document shall not disclose the Rent or any other financial terms and shall not exhibit this Lease or any part of it. Any such notice which Tenant proposed to register shall be subject to the approval of Landlord's solicitors, at Tenant's expense. Such approval shall be obtained prior to the document being registered. Any registerable document requested or registered by Tenant shall contain an irrevocable power of attorney by Tenant in favour of Landlord, which power of attorney is also hereby irrevocably granted by Tenant to Landlord under the Powers of Attorney Act (Ontario) effective only upon the expiry or early termination of this Lease, and the expiry of the rights of any Chargee, and which power of attorney shall survive and may be exercised during any subsequent legal incapacity of Tenant, authorizing Landlord to execute on behalf of and in the name of Tenant such notices, agreements and documents as shall be required or desired by Landlord to expunge or discharge from registered title to the Property any interest of Tenant therein after the expiry or earlier termination of this Lease. The said power of attorney shall survive the expiry or earlier termination of this Lease. Any registration fees payable in connection with the registration of the notice of this Lease by Tenant shall be Tenant's responsibility.

46. Income Tax Act. Landlord shall deliver to Tenant a certificate issued under the provisions of Section 116 of the *Income Tax Act* (Canada) or satisfactory evidence by way of statutory declaration that Landlord is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

47. No Affect on Statutory Rights. Nothing in this Lease shall adversely affect Tenant's ability to exercise any rights or powers authorized under any instrument issued by the Ontario Energy Board pursuant to the Ontario *Energy Board Act*, 1998 (and any other successor legislation).

48. Damages Not Sufficient. The parties to this Lease acknowledge and agree that, due to the uniqueness of the Leased Lands as at the date when the Lease has been executed, specifically as a result of the specialized use of the Leased Lands by the Tenant, the requirement to convey the power produced from the Project to the HONI-owned grid on the mainland, and the associated permits, licences and other approvals which are specific to the use of the Leased Lands for certain matters, and due to the limited number of alternatives to the Leased Lands in respect of such uses and the extensive time period and effort required to utilize any such alternative, the failure of the Landlord to materially abide by the terms and provisions of this Lease is likely to cause the Tenant irreparable harm, the amount of which may be difficult to ascertain and for which money damages may be inadequate. In connection with the foregoing, the parties agree that in the event of a material default of the terms hereof by the Landlord, the Tenant shall have the right to apply to a court of competent jurisdiction for an order requiring the Landlord to comply with the terms of this Lease, and without limitation, to allow the Tenant to exercise its rights of access and occupation hereunder, and for such other relief as the Tenant shall deem appropriate. The right of the Tenant shall be in addition to the remedies otherwise available to the Tenant at law or in equity. The Tenant will be entitled to seek to obtain an injunction or specific performance, in the event the Landlord materially breaches or threatens to breach any of its obligations hereunder, without the need for the Tenant to supply proof of actual damages and without posting a bond or other security; and under an action for equitable remedies under this Lease, the Tenant shall not be required to prove the inadequacy or insufficiency of monetary damages as a remedy.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first written above.

“LANDLORD”

“TENANT”

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

I/We have the authority to bind the corporation.

I/We have the authority to bind the corporation.

SCHEDULE "A"

PROPERTY

SCHEDULE "B"

PLAN OF LEASED LANDS

(Showing the "Switching Station Lands" and the "Vault Lands" within the Leased Lands)

SCHEDULE "C"

PLAN SHOWING AREA OF RIGHT-OF-WAY

SCHEDULE "D"

RESTRICTIONS AFFECTING LEASED LANDS AND RIGHT-OF-WAY



SCHEDULE "E"

HONI FORM OF LANDOWNER AGREEMENT

INTEREST / ESTATE TRANSFERRED

The Transferor is the owner in fee simple and in possession of _____

_____ (the "**Lands**").

The Transferee has erected, or is about to erect, certain Works (as more particularly described in paragraph 1(a) hereof) in, through, under, over, across, along and upon the Lands.

1 The Transferor hereby grants and conveys to Hydro One Networks Inc., its successors and assigns the rights and easement, free from all encumbrances and restrictions, the following unobstructed and exclusive rights, easements, rights-of-way, covenants, agreements and privileges in perpetuity (the "**Rights**") in, through, under, over, across, along and upon that portion of the Lands of the Transferor described herein and shown highlighted on Schedule "A" hereto annexed (the "**Strip**") for the following purposes:

- (a) To enter and lay down, install, construct, erect, maintain, open, inspect, add to, enlarge, alter, repair and keep in good condition, move, remove, replace, reinstall, reconstruct, relocate, supplement and operate and maintain at all times in, through, under, over, across, along and upon the Strip an electrical transmission system and telecommunications system consisting in both instances of a pole structures, steel towers, anchors, guys and braces and all such aboveground or underground lines, wires, cables, telecommunications cables, grounding electrodes, conductors, apparatus, works, accessories, associated material and equipment, and appurtenances pertaining to or required by either such system (all or any of which are herein individually or collectively called the "**Works**") as in the opinion of the Transferee are necessary or convenient thereto for use as required by Transferee in its undertaking from time to time, or a related business venture.
- (b) To enter on and selectively cut or prune, and to clear and keep clear, and remove all trees (subject to compensation to Owners for merchantable wood values), branches, bush and shrubs and other obstructions and materials in, over or upon the Strip, and without limitation, to cut and remove all leaning or decayed trees located on the Lands whose proximity to the Works renders them liable to fall and come in contact with the Works or which may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.
- (c) To conduct all engineering, legal surveys, and make soil tests, soil compaction and environmental studies and audits in, under, on and over the Strip as the Transferee in its discretion considers requisite.
- (d) To erect, install, construct, maintain, repair and keep in good condition, move, remove, replace and use bridges and such gates in all fences which are now or may hereafter be on the Strip as the Transferee may from time to time consider necessary.
- (e) Except for fences and permitted paragraph 2(a) installations, to clear the Strip and keep it clear of all buildings, structures, erections, installations, or other obstructions of any nature (hereinafter collectively called the "**obstruction**") whether above or below ground, including removal of any materials and equipment or plants and natural growth, which in the opinion of the Transferee, endanger its

Works or any person or property or which may be likely to become a hazard to any Works of the Transferee or to any persons or property or which do or may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.

- (e) To enter on and exit by the Transferor's access routes and to pass and repass at all times in, over, along, upon and across the Strip and so much of the Lands as is reasonably required, for Transferee, its respective officers, employees, agents, servants, contractors, subcontractors, workmen and permittees with or without all plant machinery, material, supplies, vehicles and equipment for all purposes necessary or convenient to the exercise and enjoyment of this easement and
- (f) To remove, relocate and reconstruct the line on or under the Strip.

2. The Transferor agrees that:

- (a) It will not interfere with any Works established on or in the Strip and shall not, without the Transferee's consent in writing, erect or cause to be erected or permit in, under or upon the Strip any obstruction or plant or permit any trees, bush, shrubs, plants or natural growth which does or may interfere with the Rights granted herein. The Transferor agrees it shall not, without the Transferee's consent in writing, change or permit the existing configuration, grade or elevation of the Strip to be changed and the Transferor further agrees that no excavation or opening or work which may disturb or interfere with the existing surface of the Strip shall be done or made unless consent therefore in writing has been obtained from Transferee, provided however, that the Transferor shall not be required to obtain such permission in case of emergency. Notwithstanding the foregoing, in cases where in the reasonable discretion of the Transferee, there is no danger or likelihood of danger to the Works of the Transferee or to any persons or property and the safe or serviceable operation of this easement by the Transferee is not interfered with, the Transferor may at its expense and with the prior written approval of the Transferee, construct and maintain roads, lanes, walks, drains, sewers, water pipes, oil and gas pipelines, fences (not to exceed 2 metres in height) and service cables on or under the Strip (the "**Installation**") or any portion thereof; provided that prior to commencing such Installation, the Transferor shall give to the Transferee thirty (30) days notice in writing thereof to enable the Transferee to have a representative present to inspect the proposed Installation during the performance of such work, and provided further that Transferor comply with all instructions given by such representative and that all such work shall be done to the reasonable satisfaction of such representative. In the event of any unauthorised interference aforesaid or contravention of this paragraph, or if any authorised interference, obstruction or Installation is not maintained in accordance with the Transferee's instructions or in the Transferee's reasonable opinion, may subsequently interfere with the Rights granted herein, the Transferee may at the Transferor's expense, forthwith remove, relocate, clear or correct the offending interference, obstruction, Installation or contravention complained of from the Strip, without being liable for any damages caused thereby.
- (b) notwithstanding any rule of law or equity, the Works installed by the Transferee shall at all times remain the property of the Transferee, notwithstanding that such

Signature of Witness

Transferor's Signature

SIGNED, SEALED AND DELIVERED

In the presence of _____)

)
)
)

) Consent Signature & Release of
Transferor's Spouse, if non-owner.

_____) (seal)

Signature of Witness

CHARGEES

THE CHARGEE of land described in a Charge/Mortgage of Land dated _____

Between _____ and _____

and registered as Instrument Number _____ on _____
does

hereby consent to this Easement and releases and discharges the rights and easement herein
from the said

Charge/Mortgage of Land.

Name
Signatures

Signature(s)

Date of

Y M

D

Per:

I/We have authority to bind the Corporation

EXHIBIT "D"

CONSTRUCTION AREAS LEASE AGREEMENT

CONSTRUCTION AREAS LEASE AGREEMENT

This Lease dated ●, 20● (this "**Lease**") is entered into by and between the Landlord and the Tenant. The Landlord and the Tenant are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

1. **Definitions.** The following terms shall have the following meanings when capitalized in this Lease:

- 1.1 "**Commencement Date**" _____, [The date on which the Construction Areas Exercise Notice is given to the Landlord.]
- 1.2 "**Landlord**" ●
- 1.3 "**Landlord's Address**" ●
Phone: ●
- 1.4 "**Leased Lands**" Those certain lands more fully described and identified in Schedule "B" attached hereto, identified individually as the "Staging Area" and the "Dock Lands".
- 1.5 "**Mortgage**" Any mortgage, charge or security instrument (including a deed of trust and mortgage securing bonds and all indentures supplemental thereto) which may now or hereafter affect Landlord's interest in the Property or any part thereof.
- 1.6 "**Mortgagee**" The mortgagee, charge, secured party or trustee for bond-holders, as the case may be, named in a Mortgage.
- 1.7 "**Option Agreement**" Lease Option Agreement by and between Landlord and Tenant dated ■, 2012, notice of which was registered against title to the Property on _____, 2012 as Instrument No. _____.
- 1.8 "**Person**" An individual, a corporation, a limited partnership, a general partnership, a trust, a joint stock company, a joint venture, an association, a syndicate, a bank, a trust company, a governmental authority or agency, and any other legal or business entity, and "**Persons**" shall have a corresponding meaning.
- 1.9 "**Project**" Approximately 75 MW wind energy project located on Amherst Island within Loyalist Township, in the Province of Ontario, consisting of wind turbines, and related facilities necessary to harness wind for electrical generation; and equipment and infrastructure used in the production, collection,

and transmission of such electrical energy, including associated wiring, cable, switching stations, transformers, vaults and related equipment and components; and infrastructure and equipment required to transport and construct the facilities..

- 1.10 **“Property”** Those certain Lands and premises legally described in Schedule “A”.
- 1.11 **“Rent”** A one-time lump sum amount of ■ Dollars and Zero Canadian Cents (CAD \$■).
- 1.12 **“Sales Taxes”** Any and all taxes or duties imposed upon Landlord or Tenant measured or based in whole or in part upon the Rent or other amounts payable under this Lease, whether existing at the date hereof or hereinafter imposed by any governmental authority including, without limitation, harmonized sales tax, goods and services tax, value-added tax, business transfer tax, retail sales tax, federal sales tax, excise taxes or duties, or any tax similar to the foregoing.
- 1.13 **“Transfer”** Any of: (i) an assignment of this Lease by Tenant in whole or in part; (ii) any arrangement, written or oral, whether by sublease, licence or otherwise, whereby rights to use all or any part of the Leased Lands are granted to any Person (other than the Tenant) from time to time, which rights of occupancy are derived through or under the interest of Tenant under this Lease; and (iii) a mortgage, charge or other encumbrance of this Lease or of all or any part of the Leased Lands, or any interest therein.
- 1.14 **“Tenant”** ●
- 1.15 **“Tenant’s Address”** ●
Phone: ●
- 1.16 **“Transferee”** Any Person deriving rights through a Transfer.

2. Agreement to Lease. In consideration of the payments and covenants herein contained, Landlord does hereby grant, demise and lease unto Tenant, and Tenant does hereby accept a lease of the Leased Lands as described in Schedule “B”.

3. Lease Term.

3.1 **Term.** The term of this Lease (the **“Term”**) shall commence on the Commencement Date and shall continue for ■(■) months in respect of the Staging Area, and for■ (■) months in respect of the Dock Lands and the Railway Lines, unless terminated earlier in accordance with this Lease.

3.2 Extension of Term. Provided Tenant is not in default under this Lease, Tenant shall have the right to extend the Term of this Lease in respect of the Staging Area only on a month-to-month basis (the “**Extension Term**”), upon the same terms and conditions as are contained in this Lease, save and except there shall be no further right to extend the Term for the Staging Area beyond an additional three (3) months, and provided that the Rent shall be \$■ per month.

4. Payments to Landlord. The Tenant shall pay the Landlord, as rent, the Rent and all applicable Sales Taxes on the Commencement Date in full for the entire Term. In respect of the Extension Term, Rent and all applicable Sales Taxes shall be payable on the first day of each applicable month.

4.1 Payment of Rent. Tenant shall make all Rent and other payments that are due to the Landlord and remit such payments and all applicable Sales Taxes to its address described in Section 1.3.

5. Use by Tenant.

5.1 Permitted Uses. The Leased Lands may be used by Tenant solely for the construction of the Project, and for the following purposes (collectively, “**Operations**”):

- (A) that portion of the Leased Lands designated on Schedule “B” as the “Staging Area” shall be used as a temporary staging area for the construction of the Project including without limitation, the laying of gravel and installation of temporary fencing, the storage of equipment for the construction of the Project including but not limited to wind turbine blades, towers and generators (the “**Equipment**”), the storage of tools, parking of vehicles, location of temporary construction offices, assembly of Equipment, and such other uses as may be reasonably required for the construction of all or any portion of the Project;
- (B) that part of the Leased Lands designated on Schedule “B” as the “Dock Lands” (the “**Dock Lands**”), shall be used for the construction and operation of a temporary dock sufficient for the purposes of transporting to Amherst Island any or all of the Equipment for the Project; and
- (C) in conjunction with its Operations and its use of the Leased Lands, the Tenant shall be permitted to have priority access over other Persons, other than the Landlord, to any then-existing railway lines on the Property (the “**Railway Lines**”) at any given time or times during the Term solely for the purpose of transporting wind turbines and wind turbine components for the Project to the Leased Lands.
- (D) undertaking any other lawful activities, whether accomplished by the Tenant or a third party authorized by the Tenant, that the Tenant determines, acting reasonably, are necessary to accomplish any of the foregoing purposes.

The Leased Lands and the Railway Lines shall be used for no other purposes. For greater certainty, the use of the Leased Lands and the Railway Lines hereunder is restricted to matters relating only to the construction of the Project, and not to any other project.

5.2 Additional Uses. This Lease includes the right of ingress to and egress from the Leased Lands (and for greater certainty, between (i) the Railway Lines and Staging Area, and (ii) the Staging Area and the Dock Lands) over, under, and along the Property by means of

any existing roads and lanes thereon, and by such other route or routes as Tenant may, subject to the prior approval of Landlord, not to be unreasonably withheld or delayed, construct on the Property from time to time, for the benefit of and for purposes incidental to the Operations.

5.3 **No Conflicting Use.** Landlord shall not grant any rights in the Leased Lands purporting to permit others to conduct operations on the Leased Lands during the Term in derogation of the Tenant's right to conduct the Operations on the Leased Lands. Tenant acknowledges and agrees that all rights and restrictions granted to other Persons and disclosed in Schedule "D" attached hereto or detailed in writing by Landlord to Tenant in advance of the date of this Lease (the "**Existing Rights and Restrictions**") shall have priority over the rights and interests granted to Tenant pursuant to this Lease, and that Tenant takes this Lease subject to the Existing Rights and Restrictions. Tenant further agrees that it shall not do or permit anything to be done which would have the effect of interfering with the use and enjoyment by any such Persons of such Existing Rights and Restrictions or which would have the effect of causing Landlord to be in breach of the Existing Rights and Restrictions.

6. **Permits and Governmental Approvals.** The Tenant shall be responsible for obtaining at its sole cost and expense from any governmental agency or any other Person or entity any environmental impact review, permit, entitlement, approval, authorization or other rights necessary or convenient in connection with the Operations or proposed Operations. Landlord shall cooperate with Tenant as necessary to obtain any governmental approvals, at no cost or expense to Landlord, provided that Tenant shall reimburse Landlord for its reasonable out-of-pocket expense directly incurred in connection with such cooperation and provided Landlord shall not thereby incur any financial or other obligations or liability.

7. **Liens.** Each Party shall promptly pay all of its contractors and suppliers and shall do any and all things necessary so as to minimize the possibility of a lien attaching to the Leased Lands or the Property, and should any such lien be filed or registered, the Party in question shall at its expense discharge it within five (5) days following the date of the filing or registration of such lien, provided however that such Party may contest the validity of any such lien if it shall obtain an order of a court of competent jurisdiction discharging the lien from the title to the Leased Lands and the Property within such five (5) day period. If a Party shall fail to discharge any lien, then in addition to any other right or remedy hereunder, the other Party may, but it shall not be so obligated, discharge the lien by paying the amount claimed to be due into Court together with such security for costs and such additional amounts as may be required to obtain such discharge, and the amount paid by such Party together with all costs and expenses including legal fees (on a full indemnity basis) incurred for the discharge of the lien shall be due and payable by the first Party forthwith upon demand.

8. **Maintenance and Repairs.**

8.1 **Repairs.**

(A) Tenant shall, at all times during the Term and at its sole cost and expense, keep and maintain the Leased Lands, the Railway Lines and every part thereof in good order and repair, as would a prudent owner. Tenant shall promptly make all needed repairs and replacements to the Leased Lands, and the Railway Lines with due diligence and dispatch, including, without limitation, all repairs or replacements which are interior or exterior, structural, non-structural, ordinary as well as extraordinary, foreseen as well as unforeseen, provided that Tenant shall

not be obliged to upgrade Landlord's infrastructure on the Leased Lands, or maintain it at a higher standard than maintained by the Landlord.

- (B) Except as expressly set out in this Lease, Landlord is not responsible for making any repairs or replacements in and to the Leased Lands or the Railway Lines of any nature or kind whatsoever.

8.2 Repair on Notice. Subject to reasonable limitations due to weather conditions, Tenant shall commence to repair upon thirty (30) days' notice in writing from Landlord (or such shorter period as may be required by Landlord, acting reasonably) but Landlord's failure to give notice shall not relieve Tenant from its obligation to repair. If, after receiving such notice, Tenant refuses or neglects to perform the repairs required by Section 8.1(A) to the reasonable satisfaction of Landlord, Landlord may give Tenant a further notice requiring it to make such repairs and replacements and, if Tenant fails to commence to do so within ten (10) days after receipt by it of such further notice and to thereafter proceed diligently and expeditiously to complete such repairs and replacements, Landlord may, but shall not be obligated to, make such repairs without liability to Tenant for any loss or damage that may accrue to the Equipment or other property or to Tenant's business by reason thereof and upon completion thereof, Tenant shall pay, as additional Rent, Landlord's costs for making any such repairs and replacements plus a sum equal to 15% thereof for overhead. Landlord's right to make such repairs and replacements shall be without prejudice to Landlord's rights to exercise any other rights or remedies as a consequence of Tenant's breach of its obligations under Section 8.1(A).

8.3 Right to Enter.

- (A) Provided an employee or other authorized representative of Tenant is present, Landlord and Landlord's employees, contractors and workmen may, at all reasonable times, enter the Leased Lands for the purpose of:
 - (i) viewing the state of repair and maintenance of the Leased Lands. Tenant shall comply with all requirements of Landlord with respect to the care, maintenance and repair thereof, provided that they are not inconsistent with Tenant's obligations contained in Section 8.1;
 - (ii) making such repairs and replacements as are Landlord's obligations under this Lease, if any; or
 - (iii) making such repairs and replacements as are Tenant's obligations pursuant to the terms of this Lease and which Tenant is in default of making after the expiry of the fifteen (15) day notice period referred to in Section 8.2;
- (B) Tenant shall not be entitled to any abatement in Rent as a result of Landlord exercising its rights in this Section 8.3. Landlord shall not be liable for any damage caused to any property located in the Leased Lands as a result of Landlord exercising its rights in this Section 8.3.
- (C) If an employee or other authorized representative of Tenant is not present to open and permit an entry into the Leased Lands, and provided Landlord has provided written request to Tenant in respect of an entry on the Leased Lands and no accommodation has been made during the ten (10) calendar day period

after the delivery of such notice, or in the alternative, in the event of an emergency, Landlord or Landlord's employees, contractors or workmen may, using reasonable force, exercise Landlord's rights in Section 8.3(A) to enter the Leased Lands without rendering Landlord or Landlord's employees, contractors or workmen liable therefore (excepting wilful misconduct and gross negligence), and without affecting or releasing Tenant from the observance and performance of any of Tenant's covenants.

- (D) Nothing in this section shall impose upon Landlord any obligation, responsibility or liability for the care, maintenance or repair of the Leased Lands or the Railway Lines, except as specifically provided in this Lease.

9. Security Measures. All security measures reasonably necessary, shall be provided by Tenant for the Leased Lands, at the expense of Tenant, including, if reasonably necessary, warning signs, closed and locked gates, and other measures appropriate and reasonable to protect against damage or destruction of Equipment or injury or damage to persons or property on the Leased Lands.

10. Tenant's Access. Tenant shall at all times during the Term have access to the Leased Lands and to the Equipment for all purposes specified in this Lease, subject to compliance with Landlord's reasonable security requirements.

11. Limitation of Liability and Indemnity.

11.1 Limitation of Landlord's Liability. Landlord shall not be liable or responsible in any way to Tenant or to any other Person for, and Tenant hereby releases Landlord in respect of:

- (A) any injury, including without limitation bodily injury, personal injury, personal discomfort, mental anguish, shock, sickness, disease, death, false arrest detention or imprisonment, malicious prosecution, libel, slander, defamation of character, invasion of privacy, wrongful entry or eviction, or any of them, as the case may be ("**Injury**") arising from or out of any occurrence on, in or relating to the Leased Lands or the Railway Lines, or any loss or damage to the Equipment or any other property (including loss of use thereof) of Tenant or any other Person located in, on or around the Leased Lands or the Railway Lines however caused;
- (B) any Injury to Tenant or any other Person or loss or damage to the Equipment or any other property resulting from: strikes; lockouts; war; riots; insurrection; Acts of God; fire; smoke; explosions; steam; fumes; vapours; odours; dust; dirt; cinders; grease; acid; oil; any noxious, offensive or excessive liquids, solids or gases; debris; vibration; radiation; air or noise pollution; theft; vandalism; breakage; vermin; water; rain; floods; flooding; freezing; earthquake, tornado or hurricane; wind; snow; sleet; hail; frost; ice; excessive heat or cold; or by dampness or climatic conditions or from any other cause whatsoever;
- (C) any Injury, loss or damage caused by the public, or by construction or renovation, or by any private, public or quasi-public work, or by interruption, cessation or failure of any public or other utility service or any other cause whatsoever;
- (D) any Injury to Tenant or any other Person or any loss or damage suffered to the Leased Lands, the Equipment or any other property by reason of Landlord or its representatives entering the Leased Lands or the Right-of-Way to undertake any

work therein, or to exercise any of Landlord's rights or remedies hereunder, or to fulfil any of Landlord's obligations hereunder, or in the case of emergency; or

- (E) any Injury, loss or damage insured against or required to be insured against by Tenant pursuant to this Lease.

All Equipment and other property of Tenant kept or stored on or brought onto the Leased Lands or the Railway Lines shall be so kept or stored or brought thereon at the risk of Tenant only and Tenant shall hold Landlord harmless from and against any Claims (as hereinafter defined) arising out of damages to same, including, but not limited to, any subrogation claims by Tenant's insurers.

11.2 Indemnification of Landlord: Tenant shall indemnify Landlord and save it harmless from and against any and all claims, losses, damages (direct, indirect, consequential and otherwise), suits, judgements, causes of action, legal proceedings, executions, demands, penalties or other sanctions of any kind whatsoever, and all costs arising in connection therewith, including all legal costs on a full indemnity basis ("**Claims**") in connection with:

- (A) any Injury or any loss or damage to property referred to in Section 11.1;
- (B) the failure of Tenant to observe and perform any of Tenant's covenants under this Lease;
- (C) the occupancy or use by Tenant of the Leased Lands and the Railway Lines, including, without limitation, the conduct and operation by Tenant of its Operations on the Leased Lands;
- (D) any Hazardous Substance being brought into, produced or maintained in, or discharged from, the Leased Lands and the Railway Lines by Tenant or those for whom it is in law responsible;
- (E) any occurrence on the Leased Lands however caused.

In case Landlord, without actual fault on its part, is made a party to any litigation commenced by or against Tenant, Tenant shall protect and hold Landlord harmless and shall pay all costs and expenses, including legal fees on a full indemnity basis, incurred or paid by Landlord in connection therewith.

11.3 Landlord Beneficiaries: It is agreed that every indemnity, exclusion or release of liability and waiver of subrogation contained in this Lease or in any of Tenant's insurance policies shall extend to and benefit each and every of Landlord, Landlord's mortgagees, any management company employed by Landlord to manage the Property and all of their respective servants, agents, directors, officers, employees and those for whom Landlord is in law responsible (collectively, the "**Landlord Beneficiaries**"), it being understood and agreed that Landlord is the agent or trustee of Landlord Beneficiaries solely to the extent necessary for the Landlord Beneficiaries to take the benefit of this section. Landlord shall be under no obligation whatsoever to take any steps or actions on behalf of Landlord Beneficiaries to enable them to obtain the benefits of this section unless it chooses to do so in its sole and absolute discretion.

12. Environmental Matters.

12.1 Environmental Condition.

- (A) Tenant shall conduct all activities on the Leased Lands and the Railway Lines in compliance with all laws, statutes, regulations, ordinances or orders issued by any governmental authorities and governmental agencies with respect to environmental or occupational health and safety matters including without limitation the *Canadian Environmental Protection Act, 1999* (Canada), the *Fisheries Act* (Canada), the *Transportation of Dangerous Goods Act, 1992* (Canada), the *Environmental Protection Act* (Ontario), the *Ontario Water Resources Act*, the *Occupational Health and Safety Act* (Ontario), the *Dangerous Goods Transportation Act* (Ontario), and the *Environmental Assessment Act* (Ontario) ("**Environmental Laws**").
- (B) Tenant shall not use, store, dispose of or release or cause or permit to exist or be used, stored, disposed of or released on the Leased Lands or the Railway Lines any pollutant, contaminant, chemical, deleterious substance, industrial, toxic or hazardous waste, petroleum, petroleum product, asbestos, PCBs, underground storage tanks and the contents thereof, flammable materials or radioactive materials (collectively, "**Hazardous Materials**") except in strict compliance with Environmental Laws and other applicable laws. Should any claim or action be brought against Landlord or Tenant with respect to any of the foregoing, they shall immediately notify the other upon becoming aware of same and in the event of any breach of the preceding sentence by Tenant or any person for whom Tenant is responsible in law, Tenant shall promptly take any and all actions necessary, including without limitation investigation, remediation and monitoring as may be required by any governmental authority or pursuant to any Environmental Laws, it being acknowledged that required actions will be in the context of the Property being used for industrial/commercial purposes. Notwithstanding the foregoing, Tenant shall not be responsible for any Hazardous Materials that were released in, on or under the Leased Lands or the Railway Lines by Landlord or any predecessor owner of the Leased Lands or the Railway Lines or that were released elsewhere by Landlord or any predecessor owner of the Property or any other Person for whom Landlord is in law responsible, and which Hazardous Materials migrated to the Leased Lands or the Railway Lines.

12.2 Covenants.

- (A) In the event Tenant becomes aware of the occurrence of any event of a release of Hazardous Material in contravention of Environmental Laws at the Leased Lands or the Railway Lines, Tenant shall promptly give Notice to Landlord and any governmental authority, if required by applicable laws, upon becoming aware of same, and if Tenant or anyone for whom it is in law responsible shall, either alone or with others, cause the occurrence of such event, Tenant shall, at its own expense:
- (i) investigate and remediate the contravention to the standard required by Environmental Laws; and

- (ii) provide Landlord with evidence satisfactory to Landlord, acting reasonably, that the contravention has been remediated, it being acknowledged that required actions will be in the context of the Property being used for industrial/commercial purposes.
- (B) Tenant shall not conduct any excavation, drilling or subsurface investigation in, on or around the Leased Premises or the Railway Lines without prior written approval of Landlord, such approval not to be unreasonably withheld, conditioned or delayed. Tenant shall provide advance written notice to Landlord prior to conducting any excavation, drilling, or subsurface investigation in, on or around the Leased Premises or the Railway Lines. Landlord shall use reasonable commercial efforts to respond to Tenant within ten (10) days of receipt of Tenant's notice of any objection to such proposed excavation, drilling or investigation.

12.3 Record of Site Condition.

- (A) Tenant acknowledges that certain activities are or may be conducted on the Leased Lands and the Railway Lines by or on behalf of Landlord in connection with the preparation and filing of a Record of Site Condition with respect to all or part(s) of the Property including, without limitation, the conduct of any investigation, risk assessment and any remediation required in order to accomplish such filing.
- (B) Landlord shall provide to Tenant a complete copy of the Record of Site Condition forthwith once the Record of Site Condition has been finalized and, upon request of Tenant, access to review those portions of any reports arising from or relating to preparation, filing, monitoring of the Record of Site Condition which are relevant to the Leased Lands and the Railway Lines.
- (C) Tenant agrees to accept and comply with any reasonable conditions that may be imposed by any governmental authority relating to the Leased Lands and the Railway Lines, including without limitation safety requirements for worker's protection during any excavation undertaken at the Leased Lands and the Right-of-Way, or the handling, management or disposal of excavated materials from the Leased Lands and the Railway Lines.
- (D) Landlord and third parties acting on behalf of Landlord shall have the right to access the Leased Lands as necessary in connection with activities associated with obtaining or implementing requirements under the Record of Site Condition, including without limitation, conducting inspections, sampling and groundwater monitoring, provided that such rights of access do not materially interfere with the Operations, that at least two (2) days advance notice is provided to Tenant and that any Person accessing the Leased Lands shall comply with all of Tenant's reasonable safety and security rules and regulations in effect, a copy of which shall be provided by Tenant to Landlord from time to time.

12.4 Certificate of Property Use.

- (A) Tenant acknowledges that the Ontario Ministry of the Environment may require the registration of a Certificate of Property Use on title to the Property. In such event, Landlord shall provide a copy of such Certificate of Property Use to Tenant.

- (B) Tenant shall not be responsible for any costs or obligations arising from or relating to the Certificate of Property Use, including, without limitation, groundwater monitoring requirements, provided however, Tenant hereby agrees to accept and comply with any reasonable conditions that may be imposed by an governmental authority, including without limitation safety requirements for worker's protection during any excavation undertaken at the Leased Lands or the Railway Lines, or the handling, management or disposal of excavated material from the Leased Lands or the Railway Lines.
- (C) Landlord, and third parties acting on behalf of Landlord, shall have the right to access the Leased Lands as necessary in connection with activities associated with obtaining or implementing requirements under the Certificate of Property Use, including without limitation, conducting inspections, sampling and groundwater monitoring, provide that such rights of access do not materially interfere with the Operations, that at least two (2) days advance notice is provided to Tenant and that any Person accessing the Leased Lands shall comply with all of Tenant's reasonable safety and security rules and regulations in effect, a copy of which shall be provided by Tenant to Landlord from time to time.

12.5 Landlord's Liability. Except if, and to the extent that any claims arise from the negligence or wilful misconduct of Tenant, its servants, employees, agents or any other Person for whom Tenant is responsible at law, Landlord shall be responsible for any and all claims arising from Hazardous Materials, upon, in, or under or emanating from the Leased Lands that were released or present upon, in or under the Leased Lands prior to the Commencement Date.

12.6 Tenant's Liability. Except if, and to the extent that any claims arise from the negligence or wilful misconduct of Landlord, its servants, employees, agents or any other Person for whom Landlord is responsible at law, Tenant shall be responsible for any and all claims arising from Hazardous Materials, upon, in, or under or emanating from the Leased Lands that were released upon or introduced to the Leased Lands during the Term and any extension thereof.

12.7 Survival. The obligations and covenants contained in Section 12.1 through 12.4, inclusive, shall terminate twenty-four (24) months after the expiration or earlier termination of this Lease. The provisions of Sections 12.5 and 12.6 shall survive the expiration or earlier termination of this Lease indefinitely.

13. Insurance.

13.1 Tenant's Insurance.

- (A) Tenant shall, at its sole cost and expense, take out and keep in full force and effect throughout the Term, any Extension Term and any period when it is in possession of the Leased Lands, the following insurance:
 - (i) "all-risks" insurance (including flood and earthquake) upon property of every description and kind owned by Tenant, or for which Tenant is legally liable, or installed by or on behalf of Tenant, including, without limitation, all Improvements in an amount of not less than the full replacement cost thereof without deduction for depreciation, subject to a stated amount clause and an inflation protection endorsement. Landlord

shall be named as an additional insured and as a loss payee as its interests may appear in such insurance policies. Such insurance policies may contain reasonable deductibles in amounts acceptable to Landlord, acting reasonably;

- (ii) commercial liability and property damage insurance on an occurrence basis including personal injury liability, bodily injury liability, contractual liability, "all-risks" tenants legal liability for the full replacement costs of the Leased Lands and Improvements, non-owned automobile liability and owners and contractors protective insurance coverage with respect to the Leased Lands, coverage to include the Operations and all other business operations conducted by Tenant and any other person on the Leased Lands and the Railway Lines. Such policies shall be written on a comprehensive basis with limits of not less than \$5,000,000.00 for any one claim and contain an aggregate limit of no less than \$10,000,000.00, or such higher amounts as Landlord may require from time to time. Landlord shall be named as additional insureds in such insurance policies;
- (iii) business interruption insurance in an amount which will reimburse Tenant for direct or indirect loss of earnings attributable to all perils insured against in Section 13.1(A)(i) and other perils commonly insured against by prudent tenants or attributable to prevention of access to the Leased Lands or the Railway Lines as a result of such perils and which shall include provision for the payment of the Rent required hereunder and be in a profits form of coverage with an indemnity period of not less than twelve (12) months;
- (iv) broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount at least equal to the replacement cost of all Improvements and of all boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus owned or operated by Tenant or by others (other than Landlord) on behalf of Tenant on, or relating to, or serving the Leased Lands, subject to an agreed amount clause. Landlord shall be named as an additional named insured;
- (v) standard owners' form automobile insurance providing third party liability insurance with \$2,000,000 inclusive limits, and accident benefits insurance, covering all licensed vehicles owned, leased or operated by or on behalf of Tenant;
- (vi) any other form or forms of insurance as Landlord may reasonably require from time to time in amounts and for insurance risks against which a prudent tenant would protect itself.

Tenant shall be responsible for the payment of all (a) insurance premiums for the insurance policies required by this section; and (b) deductibles payable under the insurance policies required by this section.

(B) All policies required by this section shall:

- (i) be in form and with insurers acceptable from time to time to Landlord;

- (ii) contain an endorsement requiring the insurers under such policies to notify Landlord in writing at least thirty (30) days prior to any cancellation thereof;
 - (iii) contain a waiver in favour of Landlord and any Mortgagee of any breach of warranty clause such that the insurance policies in question shall not be invalidated in respect of the interests of Landlord and any Mortgagee by reason of a breach by Tenant of any warranty contained in such policies; and
 - (iv) contain a clause stating that Tenant's insurance policy will be considered as primary insurance and shall not call into contribution any other insurance that may be available to Landlord.
- (C) All liability insurance required pursuant to this section shall contain a severability of interest clause and cross liability clause.
- (D) All property, boiler and machinery and business interruption insurance required pursuant to this section shall contain:
- (i) a joint loss agreement endorsement;
 - (ii) a waiver of any rights of subrogation which the insurers of Tenant may have against Landlord and those for whom Landlord is in law responsible whether the damage is caused by the act, omission or negligence of Landlord or those for whom Landlord is in law responsible and shall have attached thereto and forming part thereof the Mortgagee's standard form of mortgage clause.
- (E) Prior to the Commencement Date, Tenant shall furnish to Landlord certificates of insurance which shall:
- (i) be signed by Tenant's insurers or insurance brokers;
 - (ii) contain sufficient particulars to enable Landlord to confirm that Tenant has taken out the insurance required by this Lease to be taken out by Tenant; and
 - (iii) if required by Landlord, be in Landlord's standard form,
- or, if required by Landlord or any Mortgagee, certified copies of all such policies. Tenant shall provide written evidence of the continuation of such policies not less than thirty (30) days prior to their respective expiry dates.
- (F) If:
- (i) Tenant fails to take out or maintain any of the insurance required by this section; or
 - (ii) any of the insurance required by this section is not approved by Landlord and Tenant fails to rectify the situation within forty-eight (48) hours after written notice by Landlord that it does not approve of such insurance, Landlord shall have the right, but not the obligation, to effect the insurance required by this section, and to pay the cost of premiums

therefor. In such event, Tenant shall pay to Landlord, as additional Rent, the amount so paid by Landlord, plus 15% thereof as an administrative charge, forthwith on demand.

- (G) Regardless of any other provision of this Lease to the contrary, Tenant hereby releases and waives any and all Claims against Landlord and the Landlord Beneficiaries with respect to occurrences to be insured against by Tenant in accordance with its obligations under this Lease and whether any such Claims arise as a result of the negligence or otherwise of Landlord or the Landlord Beneficiaries.

13.2 Landlord's Insurance. Landlord shall, at its sole cost and expense, take out and keep in full force and effect throughout the Term and any Extension Term, any form of insurance, in amounts and for insurance risks against which a prudent landlord would protect itself, Landlord shall provide reasonable proof of such insurance upon request of the Tenant.

14. Assignment.

14.1 Consent Required. Tenant will not effect a Transfer without the prior written consent of Landlord in each instance, which consent shall not be unreasonably or arbitrarily withheld or delayed. The consent by Landlord to any Transfer, if granted, shall not constitute a waiver of the necessity for such consent to any subsequent Transfer. This prohibition against a Transfer is to be construed so as to include a prohibition against any Transfer by operation of law. No Transfer shall take place by reason of a failure by Landlord to reply to a request by Tenant for consent to a Transfer. Notwithstanding the foregoing, Tenant may transfer, sell, encumber, convey or otherwise assign without consent all (but not part) of Tenant's rights and interest in the Project, the Leased Lands, the Equipment and in this Lease:

- (A) to any affiliate (as defined in the *Business Corporations Act* (Ontario)) of Tenant; and
- (B) subject to Section 15.1, as security, to one or more lenders, chargees, beneficiaries of deeds of trust, or other holders of a beneficial interest in a Charge (a "**Chargee**" or "**Chargees**") in connection with financing (including refinancing) of the Project.

Tenant shall notify Landlord in writing promptly upon any assignment of this Lease as provided for herein.

14.2 Factors for Consent. Notwithstanding the fact that Landlord may not unreasonably withhold its consent to a Transfer, Landlord will be considered to be reasonably withholding its consent if its reason or reasons for doing so is or are based upon all or any of the following factors:

- (A) Tenant is in default under this Lease;
- (B) a proposed change in the use of the Leased Lands;
- (C) the Transferee not having a debt to equity ratio of 7:3 or lower;

- (D) the Transferee, its principals or any partnership or corporation in which the Transferee or its principals was a member or a shareholder at the time, having become bankrupt or insolvent;
- (E) any factor which a court of law would consider to be reasonable.

14.3 Transfers.

- (A) If Tenant intends to effect a Transfer, Tenant shall provide Landlord with prior written notice of its intention to effect such Transfer, which written notice shall set out the name of the proposed Transferee and its principals and be accompanied by:
 - (i) such information regarding the proposed Transferee as Landlord may reasonably require in order to determine whether or not to consent to the proposed Transfer, including, without limitation, information concerning the principals of the Transferee, a detailed breakdown of the proposed Transferee's, and its principals, prior business experience, complete credit, financial and business information regarding the proposed Transferee and its principals and an original copy of all documents and agreements relating to the proposed Transfer; and
 - (ii) the sum of \$2,000.00, being Landlord's administrative fee payable for considering Tenant's request for consent. Such fee excludes any legal fees and disbursements which Landlord may incur in connection with a request for its consent. Landlord shall be entitled to increase the said amount from time to time.

Landlord shall not be required to consider any request for its consent until such time as it has received all of the preceding information and monies. Landlord will, within thirty (30) days after having received such written notice and all such necessary information and monies, notify Tenant in writing either that it consents (subject to Tenant complying with all of the provisions of this Section 14.3 on its part to be complied with) or does not consent to the Transfer.

- (B) If there is a Transfer of this Lease, Landlord may collect Rent and other amounts required to be paid by Tenant from the Transferee and apply the net amount collected to the Rent and other amounts required to be paid pursuant to this Lease, but no acceptance by Landlord of any payments by a Transferee shall be deemed a waiver of the obligation to obtain Landlord's consent to a Transfer, or the acceptance of the Transferee as tenant, or a release of Tenant from the further performance by Tenant of Tenant's covenants, agreements and obligations under this Lease.
- (C) Any document evidencing a Transfer shall be prepared by Tenant or its solicitors. Any document evidencing Landlord's consent to a Transfer shall be prepared by Landlord or its solicitors.
- (D) All legal and administrative costs incurred by Landlord with respect to a request by Tenant for Landlord's consent to a proposed Transfer (including the costs of all examinations, the costs of preparing all requisite documents, processing costs, the costs of all negotiations by Landlord or its solicitors) shall be paid by Tenant to Landlord forthwith upon demand, and, in any event, prior to Landlord

giving its consent. For greater certainty, such costs shall be paid by Tenant whether or not Landlord consents to the proposed Transfer. Tenant shall provide to Landlord such deposit on account of Landlord's legal fees as Landlord or its solicitors may require prior to Landlord instructing its solicitors to prepare such documentation.

- (E) Any consent by Landlord shall be subject to Tenant and the Transferee executing an agreement with Landlord providing for the following:
 - (i) the Transferee's agreement to be bound by all of Tenant's covenants, agreements and obligations under this Lease as if such Transferee had originally executed this Lease as tenant;
 - (ii) if the Transferee is not an assignee, the Transferee's agreement that, at Landlord's option, all of the Transferee's right, title and interest in and to the Leased Lands and the Railway Lines absolutely terminate upon the surrender, release, disclaimer or merger of this Lease, despite the provisions of section 21 or section 39(2) of the *Commercial Tenancies Act* (Ontario);
- (F) All amounts payable by Tenant pursuant to this Lease up to the effective date of the Transfer, including, without limitation, all amounts required to be paid by Tenant pursuant to this Section 14.3, shall be paid in full to Landlord prior to Landlord executing the document evidencing its consent to the Transfer, and until such time as the said amounts are paid in full, Landlord shall be under no obligation to give its consent to the Transfer or execute the document evidencing its consent thereto. Where any such amounts cannot be finally determined at that time, Tenant shall deposit with Landlord an amount reasonably estimated by Landlord to cover such undetermined amounts, such amount to be held by Landlord without any liability for interest thereon until the estimated amounts become finally determined by Landlord, at which time the appropriate adjustments shall be made.
- (G) If this Lease is disclaimed or terminated by any trustee in bankruptcy of any Transferee or by the Transferee in accordance with its rights under the *Bankruptcy and Insolvency Act*, Tenant shall not be released from its obligations under this Lease. Tenant's obligations under this section shall survive any such disclaimer or termination.
- (H) Regardless of any Transfer permitted or consented to by Landlord, Tenant shall not be released from its obligation to observe and perform all of Tenant's covenants and obligations under this Lease and Tenant and the Transferee shall be jointly and severally liable for the performance of Tenant's covenants and obligations.

14.4 Corporate Ownership.

- (A) If Tenant is a corporation or if Landlord consented to a Transfer of this Lease to a corporation, any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription, from time to time of all or any part of the corporate shares of Tenant or of any direct or indirect parent corporation of Tenant which results in any change in the present effective voting control of Tenant by the Person holding such voting control at the date of

execution of this Lease (or at the date a Transfer of this Lease to a corporation is permitted) shall, for the purposes of this Section 14, be deemed a Transfer. If Tenant does not acquire the prior written consent of Landlord as required by the preceding provisions of this Section 14, Landlord shall be entitled to terminate this Lease upon five (5) days written notice to Tenant. Tenant shall make available to Landlord, or its lawful representatives, all corporate books and records of Tenant for inspection at all reasonable times, in order to ascertain whether there has been any change in control.

- (B) This Section 14.4, however, shall not apply to Tenant if at such time:
- (i) Tenant is a public corporation whose shares are traded and listed on any recognized stock exchange in Canada or in the United States; or
 - (ii) Tenant is a private corporation but is controlled by a public corporation defined as aforesaid,

14.5 Assignment by Landlord. The Parties agree that this Lease and the provision herein shall run with the title of the Leased Lands, and that any transferee of Landlord's rights in the Leased Lands shall take the Leased Lands subject to this Lease and the terms hereof. Notwithstanding the foregoing, Landlord shall have the right to grant easements or licenses over part or parts of the Property from time to time, so long as such grants and the exercise of the rights thereunder do not affect the exercise by Tenant of its rights hereunder. Upon the sale or lease by Landlord of the Leased Lands, or the assignment by Landlord of this Lease or the interest of Landlord herein, and to the extent such purchaser or assignee assumes the obligations of Landlord under this Lease, Landlord shall, thereupon and without further agreement be released and relieved of all further obligations and liability under this Lease.

15. Consent to Charge.

15.1 Consent. Tenant may from time to time, without the prior written consent of the Landlord, encumber the Tenant's interest in this Leased Lands by one or more charge/mortgages, deeds of trust or other real or personal property security instruments (each a "**Charge**"), provided that any Charge and all rights acquired under it shall be subject to each and all of the covenants, conditions and restrictions stated in this Lease and to all rights and interests of the Landlord and further provided, that the Tenant shall promptly upon the execution of any Charge deliver a true copy thereof to the Landlord. Nothing contained in such Charges shall release or be deemed to relieve the Tenant from full and faithful observance and performance of the terms, covenants and conditions herein contained to be observed and performed by the Tenant or from any liability for the non-observance or non-performance of any of the terms and conditions hereof, nor be deemed to constitute a waiver of any rights of the Landlord hereunder, except as expressly provided for herein.

15.2 Statement by Landlord. At the request of Tenant or a Chargee, Landlord:

- (A) shall execute, acknowledge and deliver to Tenant or such Chargee, a written statement declaring:
- (i) either that the Lease is unmodified and in full force and effect, or the manner in which the Lease had been modified and whether the Lease as so modified is in full force and effect;

- (ii) the dates to which Tenant's monetary obligations hereunder have been paid in advance;
 - (iii) whether Tenant is or is not then in default hereunder; and
 - (iv) whether any past defaults have been fully cured; and
- (B) shall enter into any reasonable non-disturbance agreements with any Chargee which requests such an agreement providing that Landlord shall recognize the rights of Tenant and such Chargee and not disturb Tenant's possession of the Property so long as Tenant is not in default of any of the provisions of this Lease. Any such agreement shall contain provisions identical or similar to those described in Section 24.

16. Payment of Taxes. Landlord shall pay all real property taxes or any other taxes and assessments levied against the Property. Tenant shall pay any business taxes, personal property taxes on the Improvements and/or any such taxes that were directly attributable to any equipment or facilities installed by Tenant on the Leased Lands. Where such business taxes, personal property taxes or other taxes are included in the realty taxes for the Property payable by Landlord, and where any increase in realty taxes are attributable, in the opinion of Landlord, acting reasonably, to the Operations or the installation and operation of the Improvements or any equipment or facilities installed by Tenant, Tenant shall be responsible for such increase and shall pay the amount of such increase, as reasonably determined by the Landlord, as additional Rent to Landlord within thirty (30) days following receipt of written demand. Provided, however, such obligation shall not include any recaptured taxes attributable to any period prior to the Commencement Date or any interest or penalties thereon or to any increases in taxes due to reassessment upon a transfer of the fee simple interest in the Property by Landlord, and Tenant shall have the right, at its own expense, to appeal or contest any such increases and to compromise and settle the same and Landlord shall execute such petitions and agreements and otherwise cooperate with Tenant to the extent reasonably necessary for Tenant to do so, provided the Landlord shall not incur any financial or other obligation as a consequence.

17. Surrender and Restoration.

- 17.1 Surrender. Upon any termination, surrender, or expiration of this Lease, Tenant shall peaceably deliver up to the Landlord possession of the Leased Lands, and other rights granted by this Lease, and shall execute, at Landlord's request, any and all reasonable documents needed to record or evidence such termination.
- 17.2 Restoration. Upon any termination, surrender, or expiration of this Lease or expiration of permitted use, and within one hundred and eighty (180) days thereof, the Tenant shall restore the Leased Lands as is reasonably practicable to its original condition as the same existed at the inception of this Lease, or as otherwise agreed by the parties hereto, subject to paragraph 11.3.
- 17.3 Restoration of Dock Lands. At the end of the Term, the Tenant shall remove from the Dock Lands all of the infrastructure of the Tenant located above grade, but excluding the concrete abutment identified on Schedule "C" hereto. For greater certainty, the Tenant shall not be required to remove any part of such infrastructure located below grade, nor the concrete abutment. Landlord hereby represents and warrants that it has granted no restriction over the Dock Lands that would affect the rights of the Tenant or the Tenant's Agents as set out herein and, for greater certainty Landlord has not granted to Loyalist Township or any other government entity the right to use all or part of the Dock Lands for

purposes of a park or similar public space. The provisions of this Section 17.3 shall survive any termination, surrender or expiration of this Lease.

18. Expropriation.

18.1 Expropriation. If all of the Leased Lands is taken by expropriation, or is purchased by any governmental agency or governmental body exercising the power of expropriation or eminent domain, or should a partial taking render the remaining portion of the Leased Lands substantially unusable for Tenant's permitted uses, in Tenant's sole and absolute discretion, then this Lease may be terminated by Tenant by notice to Landlord at any time within sixty (60) days following the vesting of title or taking of possession. If the taking or expropriation is partial, Tenant shall have the option of terminating this Lease or continuing this Lease for the remainder of the Leased Lands. No part of the Rent shall abate or be refunded to the Tenant as a consequence of any of the foregoing. Upon such termination, Tenant shall surrender to Landlord the Leased Lands or the portion thereof affected by such termination and Landlord may re-enter and take possession thereof. Each Party shall have the right to seek recovery from the governmental agency or body exercising such power of expropriation or eminent domain, but not from the other, such compensation as may be separately available to each party by reason of such expropriation, purchase or taking. Tenant shall be entitled to any award made for the reasonable removal and relocation costs of any Improvements that Tenant has the right to remove, and for the loss and damage to any such Improvements that Tenant elects or is required not to remove, and for the loss of use of the Leased Lands by Tenant. Neither Party shall take any steps or actions which would compromise the other Party's claim for such compensation, nor shall either Party assert any claims against the other for such expropriation, purchase or taking.

19. Default. In the event of any alleged default or failure to perform any obligation under this Lease, the non-defaulting Party shall give the alleged defaulting Party written notice thereof, which notice shall include the acts required to cure the same with reasonable specificity. The Party failing to make any monetary payment when due shall have a period of thirty (30) days after such notice is given within which to cure such default. In the event of any other failure, the defaulting Party shall have a period of forty-five (45) days within which to cure such default, which period shall be extended to the extent reasonably necessary to complete such cure so long as the cure was commenced within forty-five (45) days after such notice is given and thereafter prosecuted with due diligence. Delinquent payments shall bear interest from their respective due dates until paid at the rate of the lesser of seven percent (7%) per annum, or the maximum rate permitted by law. Any prohibited conduct under this Lease may be enjoined and this Lease shall be specifically enforceable. Landlord's remedies shall include the right to terminate this Lease and evict Tenant from the Property, provided that such right to terminate shall only be effective following the expiration of any cure periods described above and in Section 22.

20. Landlord's Remedies.

20.1 Landlord's Remedies.

(A) If and whenever a default or failure by Tenant to perform any obligation under this Lease shall occur, then subject to Section 19 hereof (and any other cure periods provided for hereunder) Landlord has, to the extent permitted by law, the immediate right of re-entry upon the Leased Lands and it may expel all Persons and remove all Improvements and other property from the Leased Lands and, subject to Section 40 hereof and to the rights of any Chargee, such

Improvements and other property may be removed and sold or disposed of by Landlord in such manner as Landlord in its reasonable discretion deems advisable. In the event Landlord sells such Improvements and other property in accordance with the foregoing, Landlord shall apply all net proceeds received from such sale against the damages suffered by Landlord as a result of such re-entry, and any other amount owing by the Tenant to the Landlord hereunder.

- (B) If Landlord elects to re-enter the Leased Lands or if it takes possession pursuant to legal proceedings or pursuant to any notice provided for by law, it shall have the right to terminate this Lease and to retain any prepaid Rent, as liquidated damages on account of the minimum amount of damages which the Parties agree Landlord will suffer as a result of such termination, all without the necessity for any legal proceedings, and the rights set out in (A) above, but, except as provided in Section 20.1(E), no other rights to future Rent or other payments or reimbursement whatsoever, excepting only for the costs of removing Improvements and repairing related damage, and any other costs of restoration of the Leased Lands as provided for in Section 17 hereof.
- (C) If Landlord terminates this Lease, in addition to any other remedies it may have, Landlord may recover from Tenant all damages and costs it incurs by reason of Tenant's breach, including, without limitation, the cost of recovering the Leased Lands and all reasonable legal costs, on a full indemnity basis.
- (D) If the assistance of legal counsel shall be required to recover possession of the Leased Lands, or because of a breach of any of Tenant's covenants, or to advise Landlord of any of the foregoing matters, Tenant shall pay to Landlord all expenses incurred therefor, including reasonable legal fees on a full indemnity basis, as additional Rent.
- (E) The rights and remedies given to Landlord in this Lease are distinct, separate and cumulative, and no one of them, whether or not exercised by Landlord shall be deemed to be in exclusion of any other rights or remedies provided in this Lease or by law or in equity.
- (F) No receipt of monies by Landlord from Tenant after the termination of this Lease in any lawful manner shall reinstate, continue or extend the Term, or affect any notice previously given to Tenant or operate as a waiver of the right of Landlord to enforce the payment of Rent then due or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Leased Lands by proper suit, action, proceedings or other remedy, excepting when there is written agreement in the contrary. After the service of any notice to terminate this Lease and the expiration of any time therein specified or after the commencement of any suit, action, proceeding or other remedy, or after a final order or judgment for possession of the Leased Lands, Landlord may demand, receive and collect any monies due, or thereafter falling due without in any manner affecting such notice, suit, action, proceeding, order or judgment. Any and all such monies so collected shall be deemed payments on account of the use and occupation of the Leased Lands or at the election of Landlord on account of Tenant's liability hereunder.
- (G) No condoning or waiver by either Landlord of any default or breach by Tenant at any time or times in respect of any of the agreements, terms, covenants and conditions contained in this Lease to be performed or observed by the other shall be deemed or construed to operate as a waiver of Landlord's rights under this

Lease, in respect of any continuing or subsequent default or breach nor so as to defeat or affect in any way the rights or remedies of Landlord under this Lease, in respect of any such continuing or subsequent default or breach. Unless expressly waived in writing, the failure of Landlord to insist in any one or more cases upon the strict performance of any of the agreements, terms, covenants and conditions contained in this Lease to be performed or observed by Tenant shall not be deemed or construed to operate as a waiver for the future strict performance or observance of such agreements, terms, covenants and conditions. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any of Tenant's covenants regardless of Landlord's knowledge of such preceding breach at the time of its acceptance of such Rent.

- (H) No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated shall be deemed to be other than on account of the earlier stipulated Rent, nor shall any endorsement or statement on any cheque or any letter accompanying any cheque or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such cheque or payment without prejudice to Landlord's rights to recover the balance of such Rent or pursue any other remedy provided in this Lease.

21. Termination by Tenant.

- 21.1 Notice of Termination. Subject to Section 17, but notwithstanding any other provisions of this Lease, the Tenant shall have the right, at any time on ninety (90) days notice to Landlord, to terminate this Lease and surrender to Landlord all of Tenant's right, title and interest in and to the Leased Lands and the Railway Lines by executing and delivering to Landlord a quitclaim deed or surrender of this Lease. Rent previously paid in advance to Landlord shall remain the property of Landlord.
- 21.2 Post-termination/Expiry Matters. In the event of termination or expiry of this Lease, the Tenant shall have up to one hundred and eighty (180) days following the termination or expiry to perform its obligations under Section 17.

22. Certain Protective Covenants.

- 22.1 Interference. During the Term, and provided Tenant is not in default under this Lease, Landlord covenants and agrees that neither it nor the Landlord's Agents will:
 - (A) materially interfere with or prohibit the free and complete use and enjoyment by Tenant of its rights granted by this Lease;
 - (B) take any action which will in any way materially interfere with the Operations on the Leased Lands; or
 - (C) take any action which will materially impair Tenant's access to the Leased Lands for the purposes specified in this Lease.
- 22.2 Quiet Enjoyment. As long as Tenant observes the terms and conditions of this Lease, Landlord warrants, covenants and agrees that Tenant shall peaceably hold and enjoy the Leased Lands, and any and all other rights granted by this Lease for its entire term without hindrance or interruption by Landlord or any other person or persons lawfully or

equitably claiming by, through or under Landlord except as expressly provided in this Lease and the Landlord shall not conduct or permit any activities on the Leased Lands which could reasonably have the effect of limiting the lawful use of the Tenant as provided hereunder, or requiring material modifications, repairs or expenditures in order to permit the Tenant to utilize the Leased Lands for the purposes set out herein. Landlord shall not alter, relocate, destroy or remove all or any part(s) of the Railway Lines at any time during the Term.

22.3 Warranty of Title. Landlord hereby warrants that:

- (A) Landlord is the registered and beneficial owner of the Property in fee simple;
- (B) Landlord, previous to the time of execution of this Lease, has not leased the Leased Lands, or any part thereof, under any lease or other instrument that is currently effective;
- (C) the leasehold estate created hereby is free from encumbrances done, made, or suffered by the Landlord, or any Person claiming under Landlord, except for such encumbrances that are registered against title to the Property as of the date of this Lease, any encumbrances granted by Landlord to Tenant, or otherwise disclosed in writing by Landlord to Tenant, and except as disclosed in Schedule "D"; and
- (D) all persons having any ownership interest in the Leased Lands (including spouses) have consented to the execution of this Lease.

22.4 Observance of Laws and Covenants. Tenant shall use the Leased Lands and the Railway Lines only for the purposes stated herein and shall conduct all of its operations on the Leased Lands and the Railway Lines in a lawful manner after obtaining all necessary permits and government approvals. Tenant will carry out its responsibilities and exercise any rights which it possesses under this Lease in a manner which is in strict compliance with all applicable laws, rules, ordinances, orders and regulations of all governmental authorities and governmental agencies.

23. Status Statement, Attornment and Subordination.

23.1 Status Statement. Within ten (10) days of being requested to do so by Landlord from time to time, Tenant shall execute and deliver to Landlord a statement in writing, in the form supplied by Landlord and made in favour of such Person as Landlord may specify, certifying that this Lease is unmodified and in full force and effect (or if modified, stating the modification and that the Lease is in full force and effect as modified), the Commencement Date, the amount of Rent then being paid under this Lease, the dates to which Rent has been paid, whether or not there is any existing default on the part of Landlord of which Tenant is aware and any other particulars regarding this Lease or the Leased Lands that Landlord may request.

23.2 Attornment. Tenant shall, if proceedings are brought for the foreclosure of, or if there is exercise of the power of sale under any Mortgage of the Leased Lands or any part or parts thereof made by or at the direction of Landlord, attorn to the Mortgagee or the purchaser upon any such foreclosure or sale and recognize such Mortgagee or the purchaser as the Landlord under this Lease. Tenant shall execute promptly such instruments or certificates to carry out the intent of this Section 23.2 as shall be requested by Landlord, or such Mortgagee or purchaser.

- 23.3 Lease Subordination. Provided a non-disturbance agreement in favour of Tenant is provided in respect of any Mortgage registered in priority to this Lease, in a form reasonably acceptable to Tenant and in accordance with Section 23.4 hereof, this Lease and all the rights of Tenant hereunder shall be subject and subordinate to any such Mortgage affecting the Leased Lands, the Railway Lines or any part or parts thereof, and to all advances made or hereafter to be made upon the security thereof and all renewals, modifications and extensions thereof. Tenant agrees to execute promptly whenever requested by Landlord or any Mortgagee an instrument or instruments confirming such subordination or postponement of this Lease to such Mortgage, provided that the corresponding non-disturbance agreement has been executed or is executed concurrently.
- 23.4 Non-Disturbance Agreement. Any non-disturbance agreement pursuant to Section 23.3 shall be on the Mortgagee's standard form and will, among other things, provide that if the Mortgagee enforces its security, Tenant will be entitled to remain in possession of the Leased Lands in accordance with the terms of this Lease provided that Tenant is not in default under this Lease. If Tenant wishes to make changes to a Mortgagee's standard form of non-disturbance agreement, Tenant shall negotiate such changes directly with the Mortgagee. All costs incurred by Landlord in connection with attempting to obtain such non-disturbance agreement, including, without limitation, all legal costs and any amounts charged by the Mortgagee, shall be paid for by Tenant on demand being made by Landlord. For greater certainty, all such costs shall be paid by Tenant regardless of whether or not Landlord obtains the said non-disturbance agreement.
- 23.5 Financial and Other Information. Tenant shall, upon request, provide Landlord with such information as to Tenant's financial standing and corporate organization as Landlord or any Mortgagee may reasonably require from time to time which information shall be certified to be true and correct by a senior officer of Tenant.
- 24. Protection of Chargee**. Any Chargee of any interest of Tenant hereunder shall for so long as its Charge is in existence and until the lien thereof has been extinguished be entitled to the following protection:
- 24.1 Amendment not to bind Chargee. No amendment or modification of this Lease which would materially adversely affect the Chargee's interest in the Lease, and no agreement to any mutual termination or accept any surrender of this Lease, shall be effective to bind the Chargee, without the written consent of the Chargee.
- 24.2 Notice of Default. Notwithstanding any default by Tenant under this Lease, Landlord shall have no right to terminate this Lease unless and until Landlord shall first have given Chargee(s) a written notice of Tenant's default and thereafter afforded Chargee(s) an opportunity to cure such default within the period(s) specified in Section 19 and Chargee(s) shall have failed to effect the cure of such default within the period(s) specified in Section 19.
- 24.3 Right to Perform. Chargee shall have the right at any time to pay any rent due hereunder and to perform or cause to be performed any other obligation of Tenant at or within the time such payment or performance is required under this Lease. Nothing in this Lease shall be construed to obligate Chargee to cure any default of Tenant.
- 24.4 Right to Cure. Chargee shall be entitled to remedy any default under this Lease in the manner and on the same terms as granted to Tenant in Section 19.

24.5 Foreclosure/Power of Sale. If Tenant's First Chargee (meaning the Chargee whose Charge is registered first on title in time) becomes the assignee of this Lease by means of foreclosure or arising out of any power of sale, such First Chargee, shall be personally liable under this Lease only for the period First Chargee, remains an assignee hereunder, provided that any subsequent assignee shall assume and agree to be bound by all the terms and conditions of this Lease.

24.6 Termination of Lease. If this Lease shall terminate prior to the expiration of the Term or any Extension Term as a result of the bankruptcy of Tenant, by operation of law or because of a failure to cure a default pursuant to Section 19, Landlord shall enter into a new lease in registerable form with the Chargee which holds the most senior lien against Tenant's leasehold estate and demands such new lease within thirty (30) days following such termination. Such new lease shall contain the same terms and provisions as this Lease. Landlord's obligation to enter into a new lease as provided herein is conditioned upon the cure of any and all defaults under this Lease other than defaults, if any, that are unique to the defaulting Tenant which cannot be cured by the payment of money or the acts of the curing Chargee.

24.7 Assignment Following Foreclosure or Termination. In the event:

(A) that any Chargee or purchaser of the Property from such Chargee acquires Tenant's leasehold estate hereunder following a final order of foreclosure or exercise of the power of sale contained in, any Charge; or

(B) any Chargee enters into a new lease pursuant to Section 24.6;

then subject to the Chargee or purchaser obtaining the consent of Landlord to such assignment, which consent is not to be unreasonably withheld or delayed, the liability of such Chargee or purchaser, as the case may be, under this Lease or any such new lease shall, subject to the following sentence, cease upon the assignment, provided that the assignee agrees to perform each and every obligation of Tenant under this Lease or such new lease and that there is no default under this Lease or any such new lease. The release of such Chargee or purchaser, as the case may be, from liability under this Lease or any such new lease as provided herein is conditioned upon the cure of any and all defaults under this Lease as of the time of such assignment other than defaults, if any, that are unique to the defaulting Tenant which cannot be cured by the payment of money or the acts of the curing Chargee or purchaser, as the case may be. Notwithstanding Section 14.2 above, the Landlord shall be considered to be reasonably withholding its consent in respect of an assignment under this Section 24.7 if its reason or reasons for doing so are, without limitation, based upon all or any of the following factors:

(A) a proposed change in the use of the Leased Lands or the Right-of-Way;

(B) the assignee not having a debt to equity ratio of 7:3 or lower; or

(C) the assignee, its principals or any partnership or corporation in which the assignee or its principals was a member or a shareholder at the time, having become bankrupt or insolvent.

24.8 No Merger. In the event Tenant acquires fee ownership of the Leased Lands, or in the event of the Tenant's voluntary surrender of the leasehold estate, there shall be no

merger of the leasehold estate created by this Lease with the fee without the prior written consent of all Chargees.

25. Notice.

25.1 Writing. All notices given or permitted to be given hereunder shall be in writing; provided, however, that no writing other than the cheque or other instrument representing the Rent payment itself need accompany the payment of Rent.

25.2 Delivery. Notice is considered given either when delivered in person or by courier to the recipient named below, or three (3) business days after deposit in Canadian mail in a sealed envelope or container, postage and postal charges prepaid, addressed by name and addressed to the Party or person intended as follows:

(A) Notice to Landlord. See Section 1.3.

(B) Notice to Tenant. See Section 1.15.

25.3 Change of Recipient or Address. Either Party may, by written notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a Party or an officer or representative, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

26. Expenses of Enforcement. If either Party hereto brings any proceedings to enforce any of the terms, covenants or conditions hereof, the prevailing Party shall be entitled to recover from the other Party or Parties thereto reimbursement for all reasonable expenses, costs and legal fees (on a full indemnity basis) incurred in connection therewith.

27. Further Assurances. The Parties hereto shall at all times hereafter execute any documents and do any further acts which may be necessary or desirable to carry out the purposes of this Lease and to give full force and effect to each and all of the provisions thereof.

28. Approvals and Consents Generally. Whenever in this Lease the approval or consent of either Party is required or contemplated, unless otherwise specified, such approval or consent shall not be unreasonably withheld, conditioned and/or delayed.

29. Amendments. This Lease shall not be amended or modified in any way except by an instrument signed by the Landlord and Tenant.

30. Severability. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be determined by judicial order or decision to be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable shall not be affected thereby.

31. Governing Law. This Lease shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties hereby irrevocably submit to the jurisdiction of the Province of Ontario in any action or proceeding arising out of or relating to this Lease and hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such jurisdiction.

32. Section and Paragraph Headings. The Section headings herein are inserted only for convenience of reference and shall in no way define, limit or describe the scope or intent of a provision of this Lease.

33. Entire Agreement. This Lease shall constitute the entire agreement between the Parties with respect to the subject matter of this Lease and supersedes all other prior writings and understandings, including without limitation the Option Agreement.

34. Effect of Termination. Any termination, surrender or expiration of this Lease pursuant to the terms hereof shall not relieve either Party from any liabilities, obligations or indemnities arising prior to the effective date of such termination, or which are expressed by this Lease to survive such termination, surrender or expiration.

35. Time of Essence. Time is of the essence regarding each provision of this Lease.

36. No Waiver. No waiver by either Party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by the other Party.

37. Counterparts. This Lease may be executed in counterparts, including by fax or other electronic transmission.

38. Force Majeure. Whenever and to the extent that either Party is unable to perform or is delayed or restricted in performing any obligation under this Lease in respect of the doing of any work or the making of any repairs by reason of:

- (A) being unable to obtain the material, goods, equipment, service, utility or labour required to enable it to perform such obligation;
- (B) not being able to obtain any required permission or authority;
- (C) strikes, walkouts or labour troubles;
- (D) power failures;
- (E) restrictive laws or the orders or directions of any authority (unless given as a result of a Party's failure to comply with any laws);
- (F) riots, insurrections, war, sabotage or rebellion;
- (G) abnormal weather conditions or abnormal subsurface conditions;
- (H) acts of God; or
- (I) any other event beyond its control,

such Party shall, so long as such impediment exists, be relieved from performing such obligation and the other Party shall not be entitled to any compensation for any inconvenience, loss, damage, nuisance or discomfort thereby occasioned. However, the financial inability of a Party shall not entitle such Party to the benefit of this section and the provisions of this section do not operate to excuse Tenant from its obligation to pay Rent or any other amounts payable under this Lease.

39. Ownership of Improvements. Any improvements to the Leased Lands made by Tenant shall not be deemed to be permanent fixtures (even if permanently affixed to the Leased

Lands) and shall be and remain the sole property of Tenant. Landlord hereby waives any statutory or common law lien that it might otherwise have in or to such improvements or any part thereof and agrees that, notwithstanding the occurrence of an event of default under the Lease beyond all applicable notice and cure periods (including those granted to Chargee), Chargee (or its designee) or Tenant may remove such improvements from the Leased Lands within one hundred and eighty (180) days following termination of this Lease and re-entry upon the Leased Lands by Landlord, subject to compliance by Chargee and Tenant with Tenant's obligations under Sections 17.1 and 17.2 of this Lease, and provided that if they do not do so within such period, Landlord may remove and sell or dispose of such improvements as provided in Section 20.1(A).

40. Confidentiality. Landlord shall hold and maintain in the strictest confidence, and shall require its principals, officers, employees, representatives, agents and independent contractors to hold and maintain in the strictest confidence, for the sole benefit of the Tenant, any financial information, books, records, computer printouts, product design, information regarding the Tenant, or an affiliate of any thereof, and any information regarding Operations on the Property or any other lands or projects (collectively, "**Confidential Information**"), whether disclosed by the Tenant, or an affiliate of any thereof or discovered by the Landlord, unless such Confidential Information:

- (A) is in the public domain by reason of prior publication through no act or omission of the Landlord or its principals, officers, employees, representatives or agents; or
- (B) was already known to Landlord at the time of disclosure and which Landlord is free to use or disclose without breach of any obligation to any person or entity. Landlord shall not use any such Confidential Information for its own benefit, publish or otherwise disclose such Confidential Information to others, or permit the use of such Confidential Information by others for their benefit or to the detriment of Tenant; or
- (C) is required to be disclosed by law.

41. No Partnership. Nothing contained in this Lease shall be deemed or construed by the Parties or by any third person to create the relationship of principal and agent, partnership, or any other association between Landlord and Tenant, other than the relationship of lessor and lessee.

42. Brokerage Commissions. Landlord and Tenant each represent that such Party has not incurred, directly or indirectly, any liability on behalf of the other Party for the payment by the other Party of any real estate brokerage commission or finder's fee in connection with this Lease. Landlord and Tenant shall indemnify, defend and hold the other Party harmless from and against any claim for any brokerage commissions or finder's fees claimed to be due and owing by reason of the indemnifying Party's activities.

43. Planning Act. This Lease and the provisions hereof, which create or are intended to create an interest in the Leased Lands, shall be effective to create such an interest only if the subdivision control provisions of the *Planning Act* (Ontario), as amended, are complied with. Landlord shall, upon Tenant's request, without delay, provide such consents and authorizations as are necessary to permit the Tenant to make any required applications to comply with the *Planning Act* (Ontario), as aforesaid, provided Landlord shall not thereby become subject to any financial or other obligations or liability. Tenant hereby declares that the Leased Lands being acquired by Tenant pursuant to this Lease are for the purposes of a renewable energy

generation facility or renewable energy project in accordance with Section 50(3)(d.1) of the *Planning Act* (Ontario).

44. Notice of Lease. Landlord and Tenant hereby agree that this Lease shall not be registered in any land registry office, provided that either Party shall be entitled to register a notice of this Lease in the applicable land registry office which shall disclose the Leased Lands, the Term, the Commencement Date, the Extension Terms and the Parties, but such document shall not disclose the Rent or any other financial terms and shall not exhibit this Lease or any part of it. Any such notice which Tenant proposed to register shall be subject to the approval of Landlord's solicitors, at Tenant's expense. Such approval shall be obtained prior to the document being registered. Any registerable document requested or registered by Tenant shall contain an irrevocable power of attorney by Tenant in favour of Landlord, which power of attorney is also hereby irrevocably granted by Tenant to Landlord under the Powers of Attorney Act (Ontario), effective only upon the expiry or early termination of this Lease, and the expiry of the rights of any Chargee, and which power of attorney shall survive and may be exercised during any subsequent legal incapacity of Tenant, authorizing Landlord to execute on behalf of and in the name of Tenant such notices, agreements and documents as shall be required or desired by Landlord to expunge or discharge from registered title to the Property any interest of Tenant therein after the expiry or earlier termination of this Lease. The said power of attorney shall survive the expiry or earlier termination of this Lease. Any registration fees payable in connection with the registration of the notice of this Lease by Tenant shall be Tenant's responsibility.

45. No Affect on Statutory Rights. Nothing in this Lease shall adversely affect Tenant's ability to exercise any rights or powers authorized under any instrument issued by the Ontario Energy Board pursuant to the Ontario *Energy Board Act*, 1998 (and any other successor legislation).

46. Damages Not Sufficient. The parties to this Lease acknowledge and agree that, due to the uniqueness of the Leased Lands as at the date when the Lease has been executed, specifically as a result of the specialized use of the Leased Lands by the Tenant, the requirement to convey the power produced from the Project to the HONI-owned grid on the mainland, and the associated permits, licences and other approvals which are specific to the use of the Leased Lands for certain matters, and due to the limited number of alternatives to the Leased Lands in respect of such uses and the extensive time period and effort required to utilize any such alternative, the failure of the Landlord to materially abide by the terms and provisions of this Lease is likely to cause the Tenant irreparable harm, the amount of which may be difficult to ascertain and for which money damages may be inadequate. In connection with the foregoing, the parties agree that in the event of a material default of the terms hereof by the Landlord, the Tenant shall have the right to apply to a court of competent jurisdiction for an order requiring the Landlord to comply with the terms of this Lease, and without limitation, to allow the Tenant to exercise its rights of access and occupation hereunder, and for such other relief as the Tenant shall deem appropriate. The right of the Tenant shall be in addition to the remedies otherwise available to the Tenant at law or in equity. The Tenant will be entitled to seek to obtain an injunction or specific performance, in the event the Landlord materially breaches or threatens to breach any of its obligations hereunder, without the need for the Tenant to supply proof of actual damages and without posting a bond or other security; and under an action for equitable remedies under this Lease, the Tenant shall not be required to prove the inadequacy or insufficiency of monetary damages as a remedy.

[Remainder of page intentionally left blank; signature page to follow.]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first written above.

“LANDLORD”

“TENANT”

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

I/We have the authority to bind the corporation.

I/We have the authority to bind the corporation.

SCHEDULE "A"
PROPERTY

SCHEDULE "B"

DESCRIPTION OF LEASED LANDS

SCHEDULE "C"

DOCK PLAN

SCHEDULE "D"

RESTRICTIONS AFFECTING LEASED LANDS



EXHIBIT "E"

HONI FORM OF LANDOWNER AGREEMENT

INTEREST / ESTATE TRANSFERRED

The Transferor is the owner in fee simple and in possession of _____

_____ (the "**Lands**").

The Transferee has erected, or is about to erect, certain Works (as more particularly described in paragraph 1(a) hereof) in, through, under, over, across, along and upon the Lands.

1 The Transferor hereby grants and conveys to Hydro One Networks Inc., its successors and assigns the rights and easement, free from all encumbrances and restrictions, the following unobstructed and exclusive rights, easements, rights-of-way, covenants, agreements and privileges in perpetuity (the "**Rights**") in, through, under, over, across, along and upon that portion of the Lands of the Transferor described herein and shown highlighted on Schedule "A" hereto annexed (the "**Strip**") for the following purposes:

- (a) To enter and lay down, install, construct, erect, maintain, open, inspect, add to, enlarge, alter, repair and keep in good condition, move, remove, replace, reinstall, reconstruct, relocate, supplement and operate and maintain at all times in, through, under, over, across, along and upon the Strip an electrical transmission system and telecommunications system consisting in both instances of a pole structures, steel towers, anchors, guys and braces and all such aboveground or underground lines, wires, cables, telecommunications cables, grounding electrodes, conductors, apparatus, works, accessories, associated material and equipment, and appurtenances pertaining to or required by either such system (all or any of which are herein individually or collectively called the "**Works**") as in the opinion of the Transferee are necessary or convenient thereto for use as required by Transferee in its undertaking from time to time, or a related business venture.
- (b) To enter on and selectively cut or prune, and to clear and keep clear, and remove all trees (subject to compensation to Owners for merchantable wood values), branches, bush and shrubs and other obstructions and materials in, over or upon the Strip, and without limitation, to cut and remove all leaning or decayed trees located on the Lands whose proximity to the Works renders them liable to fall and come in contact with the Works or which may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.
- (c) To conduct all engineering, legal surveys, and make soil tests, soil compaction and environmental studies and audits in, under, on and over the Strip as the Transferee in its discretion considers requisite.
- (d) To erect, install, construct, maintain, repair and keep in good condition, move, remove, replace and use bridges and such gates in all fences which are now or may hereafter be on the Strip as the Transferee may from time to time consider necessary.
- (e) Except for fences and permitted paragraph 2(a) installations, to clear the Strip and keep it clear of all buildings, structures, erections, installations, or other obstructions of any nature (hereinafter collectively called the "**obstruction**") whether above or below ground, including removal of any materials and equipment or plants and natural growth, which in the opinion of the Transferee, endanger its Works or any person or property or which may be likely to become a hazard to any Works of the Transferee or to any persons or property or which do or may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.

- (e) To enter on and exit by the Transferor's access routes and to pass and repass at all times in, over, along, upon and across the Strip and so much of the Lands as is reasonably required, for Transferee, its respective officers, employees, agents, servants, contractors, subcontractors, workmen and permittees with or without all plant machinery, material, supplies, vehicles and equipment for all purposes necessary or convenient to the exercise and enjoyment of this easement and
- (f) To remove, relocate and reconstruct the line on or under the Strip.

2. The Transferor agrees that:

- (a) It will not interfere with any Works established on or in the Strip and shall not, without the Transferee's consent in writing, erect or cause to be erected or permit in, under or upon the Strip any obstruction or plant or permit any trees, bush, shrubs, plants or natural growth which does or may interfere with the Rights granted herein. The Transferor agrees it shall not, without the Transferee's consent in writing, change or permit the existing configuration, grade or elevation of the Strip to be changed and the Transferor further agrees that no excavation or opening or work which may disturb or interfere with the existing surface of the Strip shall be done or made unless consent therefore in writing has been obtained from Transferee, provided however, that the Transferor shall not be required to obtain such permission in case of emergency. Notwithstanding the foregoing, in cases where in the reasonable discretion of the Transferee, there is no danger or likelihood of danger to the Works of the Transferee or to any persons or property and the safe or serviceable operation of this easement by the Transferee is not interfered with, the Transferor may at its expense and with the prior written approval of the Transferee, construct and maintain roads, lanes, walks, drains, sewers, water pipes, oil and gas pipelines, fences (not to exceed 2 metres in height) and service cables on or under the Strip (the "**Installation**") or any portion thereof; provided that prior to commencing such Installation, the Transferor shall give to the Transferee thirty (30) days notice in writing thereof to enable the Transferee to have a representative present to inspect the proposed Installation during the performance of such work, and provided further that Transferor comply with all instructions given by such representative and that all such work shall be done to the reasonable satisfaction of such representative. In the event of any unauthorised interference aforesaid or contravention of this paragraph, or if any authorised interference, obstruction or Installation is not maintained in accordance with the Transferee's instructions or in the Transferee's reasonable opinion, may subsequently interfere with the Rights granted herein, the Transferee may at the Transferor's expense, forthwith remove, relocate, clear or correct the offending interference, obstruction, Installation or contravention complained of from the Strip, without being liable for any damages caused thereby.
- (b) notwithstanding any rule of law or equity, the Works installed by the Transferee shall at all times remain the property of the Transferee, notwithstanding that such Works are or may become annexed or affixed to the Strip and shall at any time and from time to time be removable in whole or in part by Transferee.
- (c) no other easement or permission will be transferred or granted and no encumbrances will be created over or in respect to the Strip, prior to the registration of a Transfer of this grant of Rights.
- (d) the Transferor will execute such further assurances of the Rights in respect of this grant of easement as may be requisite.
- (e) the Rights hereby granted:

CHARGEES

THE CHARGEE of land described in a Charge/Mortgage of Land dated _____

Between _____ and _____

and registered as Instrument Number _____ on _____
does

hereby consent to this Easement and releases and discharges the rights and easement herein from
the said

Charge/Mortgage of Land.

Name	Signature(s)	Date of Signatures
		Y M D

Per:

I/We have authority to bind the Corporation

EXHIBIT "F"

RESTRICTIONS AFFECTING LEASED LANDS



EXHIBIT "G"

FORM OF CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

EXHIBIT "H"

FORM OF ASSUMPTION AGREEMENT

EXHIBIT "I"

EXISTING ENVIRONMENTAL REPORTS

Appendix 'B'

Form of Lease Option Agreement

CONFIDENTIAL - NOT FOR DISTRIBUTION

LAND LEASE OPTION AGREEMENT FOR WIND POWER PROJECT

THIS AGREEMENT is made this _____ day of _____, 201__

BETWEEN:

■

(hereinafter called the “**Tenant**”)

OF THE FIRST PART,

- and -

■

(hereinafter called the “**Landlord**”)

OF THE SECOND PART

The undersigned Tenant hereby offers to have an option to lease from the Landlord those certain premises necessary for the purpose of setting wind power project and contained in approximately _____ acres of Land and known as _____

_____ located in the Province of _____ as outlined and described on the sketch attached hereto as Schedule A (hereinafter referred to as the “**Said Lands**”).

WITNESS THAT in consideration of the rents reserved and the covenants and agreements herein contained, the parties hereto hereby covenant and agree with each other as follows:

1. **Grant of Land Lease Option:** The Landlord hereby offers to the Tenant and the Tenant hereby accepts from the Landlord an exclusive 5-year option (hereinafter referred to as the “**Option Period**”) to lease the Said Lands from the Landlord sufficient for the purpose of erecting one or more wind turbines and ancillary equipment of wind power project to generate electricity.
2. **Land Lease Option Period Fee:** In consideration of this option to lease the Said Lands; Tenant would pay the Landlord \$■ per 100 acres of the property covered under this

agreement to be paid prorated in equal yearly instalments over the next 5 years of the Option Period at the anniversary of this agreement, and such payments will stop at the execution of Land Lease Agreement.

3. **Land Lease Option Rights:** The Option Period comes into force at the date of this Agreement, and grants the Tenant an exclusive right at the Tenant's discretion to undertake any or all of the following two actions:
 - 3.1 Erect one or more, Anemometer Mast to enable testing of the wind resource on the Said Lands, the details of which are given in Section 4.
 - 3.2 An exclusive right to the Tenant to exercise Land Lease Agreement for Wind Power Project on the Said Lands, the details of which are attached hereto as Schedule C.
4. **Anemometer Mast:** The number of masts and other items of the Anemometer Mast to be erected, and the design, materials and size thereof, shall be determined by the Tenant in its discretion, subject to compliance with all applicable laws. Without limiting the Tenant's discretion in design, the Landlord acknowledges that most anemometer masts designed for use in similar locations are at least 50 to 60 meters high, and may or may not be supported by guy wires which extend at least 25m from the base on all sides, and described on the sketch attached hereto as Schedule B.
5. **Anemometer Mast Rental Fee:** The Landlord would be paid a yearly rental of \$■ for each Anemometer Mast from the date of the start of construction of anemometer mast(s) and equipment to the time that such mast(s) and equipment is removed. The said annual rental shall be paid for a minimum of 1 year in advance of the start of construction and erection and shall be paid each year thereafter during the Option Period on the anniversary of such date. The Tenant shall have the right to remove any anemometer mast and related equipment from the Lands, and the annual rental for any such mast shall cease to be payable once such mast has been so removed. The Tenant agrees to give the Landlord written notice of removal of an anemometer mast at least thirty (30) days prior to removal; Landlord and the Tenant will act reasonably and in good faith in negotiating an appropriate time for removal of the Anemometer Mast to minimize any impact to Said Lands.
6. **Anemometer Mast Location:** The location of the Anemometer Masts, and other equipments to assess the feasibility of a Wind Power Project will be determined by the Tenant in consultation with the Landlord, subject to compliance with all applicable laws; Landlord and the Tenant will act reasonably and in good faith in negotiating an appropriate location for any Anemometer Masts.
7. **Land Access:** The Landlord provides the right to the Tenant to enter the Said Lands upon providing reasonable prior verbal notice, for the purpose of conducting surveys, tests, investigations, and engineering assessments as required for the development of wind power project.

8. **Regulatory Approvals:** Tenant shall perform all acts associated with any zoning, land use, subdivision or other procedure necessary to obtain any permits or authorization that may be required by any regulatory authority for the wind project on the Said Lands. The Landlord shall consent and support the Tenant in performing all such acts, as required. The Tenant shall be responsible for all expenses associated therewith.
9. **Change in Property:** During the Option period, if Landlord wishes to change the zoning or the land use designation of any portion of the Said Lands, the Landlord shall immediately notify the Tenant in writing. The Landlord shall not, without the prior written consent of the Tenant, impose any such restriction that would limit the Tenant from exercising the Rights in respect of any portions of the Said Lands as described under this Agreement and under Land Lease Agreement.
10. **Assignment:** If the estate and interest of either party in this Agreement or the Said Lands or both is sold, assigned, transferred, conveyed or disposed of in any manner (which disposition is hereby expressly allowed), the provisions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and each of them, their respective heirs, executors, administrators, successors and permitted assigns, and shall constitute a grant, interest and covenant in and running with the Said Lands.
11. **Damage Compensation:** The Tenant shall pay compensation for damage done by it to the property of the Landlord including the Said Lands. Such compensation shall be in the form of repair, or fair market value of the damage caused.
12. **Notices:** All notices, demands, requests, consents and approvals which may or are required to be given or made pursuant to any provision of this Agreement shall be given or made in writing and shall be served personally or by courier or mailed by prepaid ordinary mail:
 - (a) In the case of the Tenant, to:
 -
 - (b) In the case of the Landlord, to:
 -or to such other address as any of the Parties shall have last notified in the manner provided herein. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery of such notice, demand or request if served personally or by courier, or if mailed as aforesaid, the fourth day of business following the date of mailing.
13. **Indemnity:** Tenant shall indemnify and hold Landlord harmless against loss or damage or personal injury and physical damage to the Said Lands or the property or persons of third parties resulting from any operations of Tenant on the Said Lands, other than through willful damage or gross negligence by the Landlord.

14. **Dispute Resolution:** In the event of any dispute or disagreement between the parties with respect to: (a) the interpretation of any provision of this Agreement, (b) the performance of either party under this Agreement, or (c) any other matter that is in dispute between the parties related to this Agreement, upon the written request of either party, the dispute will be settled by final and binding arbitration conducted in accordance with the Arbitration Act, 1991 (Ontario), as amended from time to time.
15. **Amendments:** Any amendments to the terms and conditions of this Agreement made as of the Effective Date hereof shall be attached and detailed on Schedule E, under the heading “Amendments to Option Agreement”.
16. **Title to Said Lands:** The Landlord hereby agrees with the Tenant that it has good and marketable title to the lands that are optioned, free and clear of any and all liens and encumbrances except as may have been specifically disclosed to the Tenant and that the Landlord has the right to enter into this Land Lease Option Agreement with the Tenant.
17. **Severability:** In the event that any of the terms or provisions of the within Agreement are determined to be void or unenforceable, they shall not effect the balance of the within Agreement, but rather shall be severed therefrom and the remaining provisions of the within Agreement shall continue to be valid and binding upon the parties hereto.
18. **Exclusivity:** The Landlord agrees that throughout the term of the Option Period the Landlord will not lease, agree to lease or permit use or occupancy of the Lands on terms which permit any party other than the Tenant to erect, construct or operate anemometers, or wind powered turbines or any other type of wind equipment which can be used to generate electrical power, or any type of tower or other structure which might interfere with the Tenant’s use of the Said Lands for studying winds, or interfere with any of the Tenant’s activities permitted hereunder, or interfere with the power generation activities described in the Land Lease Agreement.
19. **Exercise of Option:** The Tenant within 5-years of the signing of this agreement shall have the right to exercise this exclusive option to lease the Said Lands for purposes of installing and operating wind turbines and generating and selling electrical power. In order to exercise the Land Lease Option the Tenant shall be required to give notice in writing to the Landlord prior to the expiration of the 5-year term of the Option Period, and provide the Landlord with the Land Lease Agreement.
20. **Execution of Land Lease:** On receiving the above written notice from Tenant, the Landlord agrees to Lease to the Tenant and the Tenant agrees to Lease from the Landlord the Said Lands and premises necessary for the purpose of setting wind power project. The parties hereby agree that any Land Lease Agreement between them will include the Terms and Conditions as set out in Schedule C.

IN WITNESS WHEREOF the Parties hereto have executed this Land Lease Option Agreement For Wind Power Project as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

Witness:

Landlord:

Witness:

Landlord:

Tenant:
Per: Gaia Power Inc.

CONSENT OF SPOUSE

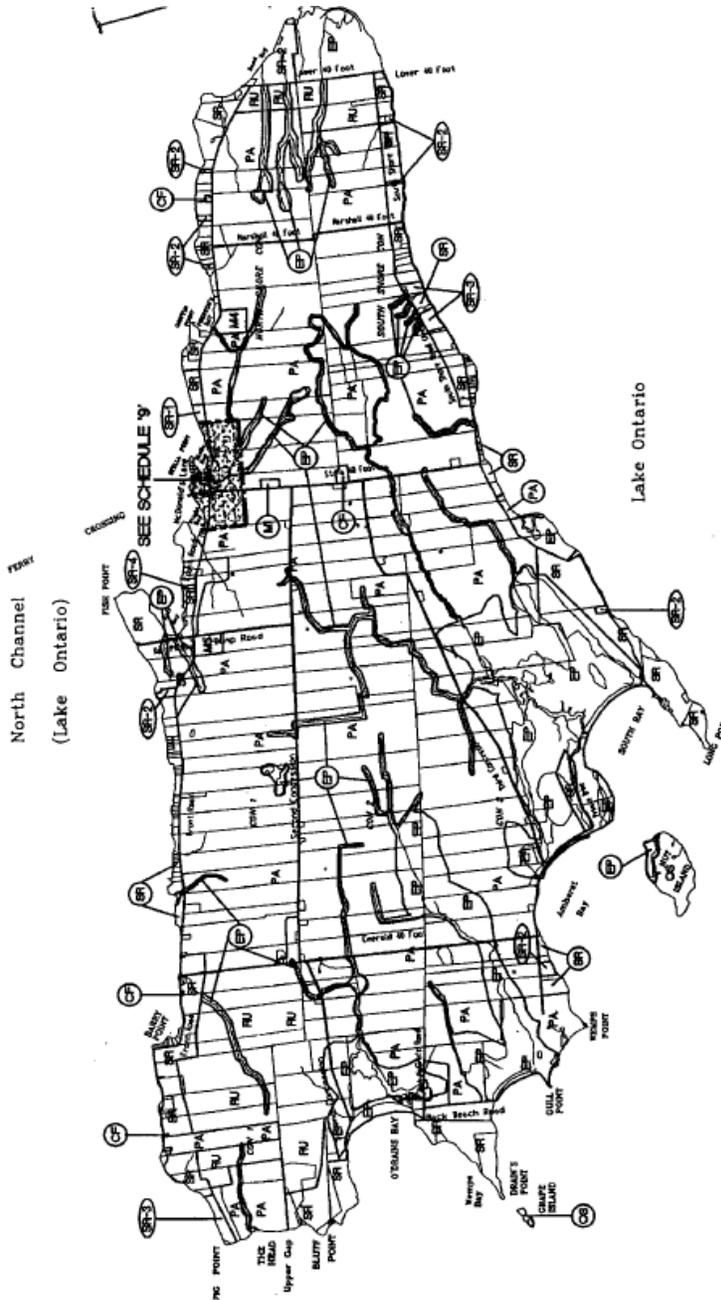
I, _____ being married to the above named _____
(Landlord) do hereby give my consent to the transaction as set out in this Agreement pursuant to
section 21 (Matrimonial Home) of the *Family Law Act*, R.S.O. 1990 Chap.F.3.

Spouse of the Landlord:

SCHEDULE A

SKETCH AND DESCRIPTION OF THE LEASED PREMISES

The leased premises include the area of the wind turbine foundation and tower, the area of the transformer substation and the area of the connection facilities, as well as the road access and use of Land required to repair and maintain the wind turbine and electrical connection facilities therefore. Such lease premises are located on the following subject lands as demarcated and mentioned in the map below.



Land Description

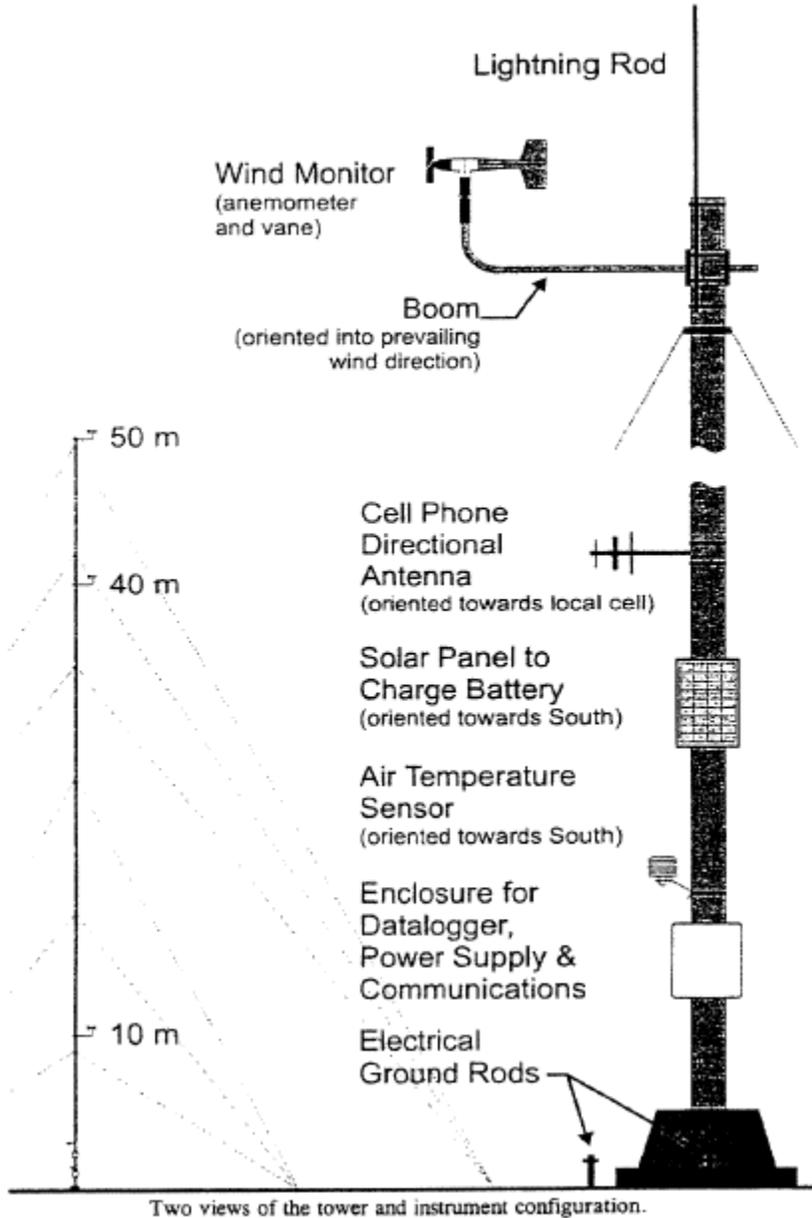
- 1.
- 2.
- 3.
- 4.

Landlord Initials:

Landlord Initials:

Tenant Initials:

SCHEDULE B
ANEMOMETER EQUIPMENT DETAILS



Note: The above dimensions are only indicative, the actual dimensions could vary depending upon technological changes.

SCHEDULE C
TERMS OF LAND LEASE AGREEMENT FOR WIND POWER PROJECT

1. GRANT AND TERM

- 1.1 **Grant of Land Lease Agreement:** The exclusive Land Lease Agreement For Wind Power Project shall permit the Tenant to carry on all of the activities, and will give the Tenant all of the rights described in the Land Lease Option Agreement, but in addition the Tenant shall have the right to construct, erect, maintain and operate one or more wind turbines for the purposes of generating and selling electrical power, as well as underground and/or overhead power cables, transformers, and all related equipment and structures that may, in the Tenant's discretion after consultation with the landlord, be necessary or advisable to permit generation of electrical power and connection of the Tenant's power generation equipment to public or private suppliers of electrical power or to organizations providing electrical power transmission services.
- 1.2 **Land Lease Term:** Subject to the provisions hereof, this lease shall be and extend for a term of twenty-one (21) years less one (1) day commencing on the date that the Tenant starts construction of its Turbine Equipment on the Leased Premises, (the "Commencement Date"), and thenceforward next ensuing and to be completed upon the day 20 years and three hundred and sixty-four (364) days including the Commencement Date, (the "**Term**").
- 1.3 **Land Lease Renewal:** If the Tenant is not in material default in respect of any of the covenants and conditions contained in this Lease at the date of expiration of the Term of twenty-one (21) years less one (1) day hereinbefore mentioned, then this Lease shall be renewed automatically and the term extended for a further period of twenty-one (21) years less one (1) day. Provided that such renewal shall be expressly conditional upon compliance with the subdivision control provisions contained in *The Planning Act*, R.S.O. 1990 c.P.13. The renewal shall be severable from the balance of the Turbine Lease, and the invalidity thereof shall not affect the validity of the rest of the Turbine Lease. Such renewed term shall be subject to all the terms and conditions of this agreement.
- 1.4 **Wind Turbine Equipment:** The location, number of towers and other items of Wind Turbine Equipment to be erected, and the design, materials, and size thereof shall be determined by the Tenant in its discretion, subject to compliance with all applicable laws, and after due consultation with the Landlord; Landlord and the Tenant will act reasonably and in good faith in negotiating appropriate locations for any Wind Turbines towers, and related equipment including but not limited to fencing, access roads, transformer equipment, electrical transmission apparatus, underground and/or overhead cables, and storage facilities (collectively referred to as the "**Wind Power Project**"). Without limiting the Tenant's discretion in design, the Landlord acknowledges that most turbine towers designed for use in similar locations are at least 80-100 meters high, and are supported by 4-5 meter

diameter steel tubular structure, as described on the sketch attached hereto as Schedule D (the “**Turbine Equipment**”).

2. PAYMENT

- 2.1 **Land Lease Term Fee:** The Tenant guarantees to pay a minimum annual rental for each turbine tower installed equal to \$■, to a maximum of 1.25% of the gross revenue (if the Wind Power Project yields 33% capacity factor or less), 1.5% of the gross revenue (if the Wind Power Project yields above 33% to 35% capacity factor), 1.75% (if the Wind Power Project yields above 35% to 37% capacity factor), and 2% (if the Wind Power Project yields above 37% capacity factor). Where Capacity Factor is the ratio of total actual energy produced by the wind power project to the total of the theoretical maximum it can produce. The payments will be based on the number of wind turbines installed on the leased land from the Landlord. The said annual rental shall be paid for an entire year in advance on the date on which construction of the wind turbine tower foundation is started, and shall be paid each year thereafter during the Term on the anniversary of such date. No rental shall be payable for any other Turbine Equipment installed, other than the per tower rental described above.
- 2.2 **Guaranteed Rental Fee:** The guaranteed minimum annual rental to be paid for any tower in any given year of the Term shall be equal to \$1,500 plus 1% annual rise due to the consumer price index for All Items-Canada, and such adjustments would be compounded.
- 2.3 **Equality:** If the Tenant within a year of this agreement signs leases on other private lands in the same concession as the Landlord, the terms and conditions of these other leases shall be disclosed on a confidential basis to the Landlord, and the Landlord may, at its option, elect to accept such alternate lease terms and conditions for the Landlord’s property, provided the acceptance of the alternate lease is done in writing within 60 days of disclosure of its contents.

3. TENANT’S COVENANTS

- 3.1 **Insurance:** The Tenant shall, during the Term hereof and any extensions or renewals thereof, keep the Turbine Equipment insured for the full replacement cost thereof against loss or damage by fire and other damages as are customarily covered with respect to such equipment. The Tenant shall, during the Term hereof, and any extensions or renewals thereof, maintain third party liability insurance with coverage of at least \$2 million or as prescribed by law with respect to the leased premises and such equipment and shall cause the Landlord to be named as a co-insured on such policy.
- 3.2 **Taxes:** The Tenant shall pay its own business taxes respecting its business carried on from the Leased Premises. The Tenant shall pay all taxes levied or assessed against the Turbine Equipment and any increase in the realty taxes levied or

assessed against the Said Lands as a result of the erection and operation of the Turbine Equipment.

- 3.3 **Turbine Equipment Removal:** At the expiration of the Term or any extension or renewal thereof, or upon termination of the Lease, the Tenant shall within 180 days, at its own expense, and with due consultation with the Landlord remove its Turbine Equipment from the Said Lands and shall restore the portions of the Said Lands impacted by its equipment as near as reasonably possible to their natural condition at the commencement of the Term.
- 3.4 **Damage Compensation:** The Tenant will compensate the Landlord for any crop damage, if that occurs due to the activities of the Tenant. Such compensation will be equal to the prevailing crop prices per bushel, and will be assessed using a local crop insurance adjuster.
- 3.5 **Indemnity:** The Tenant shall indemnify and hold harmless the Landlord against any construction lien resulting from the Tenant or its contractors' work on the Said Lands and Turbine Equipment and shall immediately cause such lien to be discharged and shall pay all the Landlord's expenses including legal fees and disbursements with respect thereto.

4. LANDLORD'S COVENANTS

- 4.1 **Equipment Access:** The Landlord will permit the Tenant, at its expense; to construct one or more access roads across the Lands as may be reasonably necessary to permit the construction, erection, maintenance and operation of the Turbine Equipment. The Landlord will also permit the Tenant to use the existing roads across the Lands, and will not in any way obstruct the Tenant's access to its Equipment. The Landlord will consent to any application by the Tenant for construction or access from its roads onto any adjoining public road or highway. The Tenant and its employees, consultants, and contractors shall be entitled to access to construct, maintain, repair, and operate any equipment of its Wind Power Project 24 hours per day, 7 days per week.
- 4.2 **Lease Registration:** The Landlord hereby grants to the Tenant the right to register as against the title to the Leased Premises a Notice of this Lease, provided that upon termination for any reason, the Tenant shall register Notice of such termination, failing which, the Tenant hereby expressly authorizes the Landlord to do so as its Agent and the Tenant shall pay all expenses of the Landlord to do so.
- 4.3 **Tall Obstruction:** The Landlord hereby acknowledges that no other wind power installations or tall structure of any height will be permitted around two hundred (200) meters of the wind turbine, and around eight hundred (800) meters if the structure is greater than twenty (20) meter high.
- 4.4 **Tenant Property:** The Landlord agrees that all of the equipment and the Turbine Equipment shall remain personal property, shall not become fixtures, and shall be

the sole property of the Tenant. The Tenant shall be entitled to remove all such property according to the terms and conditions contained herein.

- 4.5 **Discharge of Encumbrances:** If the Landlord fails to pay any realty taxes, or fails to pay any charge, mortgage, lien, execution or other encumbrance against the Lands which claims priority over the Tenant, or fails to pay any other sum payable by the Landlord under this agreement, or fails to perform any covenant under this agreement within ten (10) days following written notice of such default, the Tenant shall have the right to make the payment or perform the covenant on behalf of the Landlord, and the payment made or the costs of performing the covenant shall be forthwith payable by the Landlord to the Tenant, and until paid may be set off against amounts payable by the Tenant to the Landlord pursuant to this agreement, as the case may be.

5. FURTHER PROVISOS

- 5.1 **Termination:** In the event that the Equipment does not generate any power for a period of six consecutive months then the Tenant may terminate this agreement providing it removes its equipment according to the requirements for notice and restoration of the Lands contained in this agreement, and pay \$1500 to the landlord per Turbine Equipment removed.
- 5.2 **Surrender:** If, at any time during the term of this Agreement or any extensions or renewals thereof, any portion of the Leased Premises or any Lands providing access thereto be expropriated by proper authority, or road access to the Leased Premises becomes blocked, inhibited or restricted, for any reason whatsoever, or if the Tenant is unable to obtain all permits, licenses and permissions required for the operation of the Tenant's business, at the option of the Tenant, the Tenant upon 30 days' written notice to the Landlord may surrender this Agreement and this Agreement shall be void and of no further force and effect.
- 5.3 **Equipment Rebuild or Replacement:** The Tenant may, at any time during the Term hereof or any extensions or renewals thereto, remove the Equipment and replace or rebuild it with Equipment of the same or similar nature provided the Tenant gives the Landlord written notice of removal or rebuilding at least thirty (30) days prior to removal or construction; Landlord and the Tenant will act reasonably and in good faith in negotiating an appropriate time for removal or rebuilding. If the parties do not agree on such a time within 30 days the matter shall be determined by arbitration pursuant to the Arbitrations Act.
- 5.4 **Change in Property:** If the estate and interest of either party in this Agreement or the Said Lands or both is sold, assigned, transferred, conveyed or disposed of in any manner (which disposition is hereby expressly allowed), the provisions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and each of them, their respective heirs, executors, administrators, successors and permitted assigns, and shall constitute a grant, interest and covenant in and running with the Said Lands.

- 5.5 **Assignment:** No sale, assignment, transfer, conveyance or disposition shall be effective or binding on the non-assigning party: (i) until that non-assigning party has received notice thereof, which notice shall include the name and address of the assignee; (ii) with respect to the devolution of all or part of the estate in the Said Lands to the heir, administrator or executor of a party, until written notice of such devolution and proof evidencing such devolution is provided to the non-assigning party; and (iii) until the assignee of the assigning party has entered into an agreement in writing with the non-assigning party whereby such assignee has agreed to be bound by all of the terms hereof.
- 5.6 **Enforceability:** Failure by any Party to exercise or enforce any of the terms or conditions hereof will not constitute or be deemed a waiver of that Party's rights hereunder to enforce each and every term and condition hereof. The failure of any Party to insist upon a strict performance of any of the terms and provisions hereof will not be deemed a waiver of any subsequent breach or default in the terms or provisions hereof
- 5.7 **Planning Act:** This Lease is subject to the provisions of The Planning Act, R.S.O. 1990 c.P.13, as amended. If any consent is required it shall be obtained by the Tenant with the consent of the Landlord and until such consent is obtained any term hereof, including any options to renew, shall be read as not exceeding twenty-one (21) years less one (1) day and in the event such consent is not obtained, the term hereof, including any options to renew, shall not exceed twenty-one (21) years less one (1) day.
- 5.8 **Governmental Approvals:** If any provision of this agreement would, but for the provisions of this section contravene the subdivision control provisions of the Planning Act, the Tenant may proceed, at its own expense, to obtain any necessary consent under the Planning Act. If such contravention of the Planning Act would affect the validity of the entire Agreement to Lease, and not only the Land Lease Option contained in this agreement, or the renewal term contained in the Land Lease, then the commencement date of the Term of this lease shall be extended until the date upon which a consent has been obtained and becomes final and binding, and the expiration date of the Term shall be accordingly extended, up to a maximum of one year. If such consent is required only with respect to the Land Lease Option, or with respect to the renewal term contained in the Land Lease the Tenant may apply for the necessary consent under the Planning Act at any time prior to the date for exercise of the option in question. In the case of any such application under the Planning Act or for any other government approvals, the Landlord agrees to fully support the Tenant's application, not to object thereto or encourage any other party to do so, and agrees to sign such documents or make such appearances at the committee of adjustments or otherwise as are reasonably required to support such application for consent, as necessary to carry out the intent of this Agreement.
- 5.9 **Notices:** All notices, demands, requests, consents and approvals which may or are required to be given or made pursuant to any provision of this Agreement shall be

given or made in writing and shall be served personally or by courier or mailed by prepaid ordinary mail:

(a) In the case of the Tenant, to:

■

(b) In the case of the Landlord, to:

■

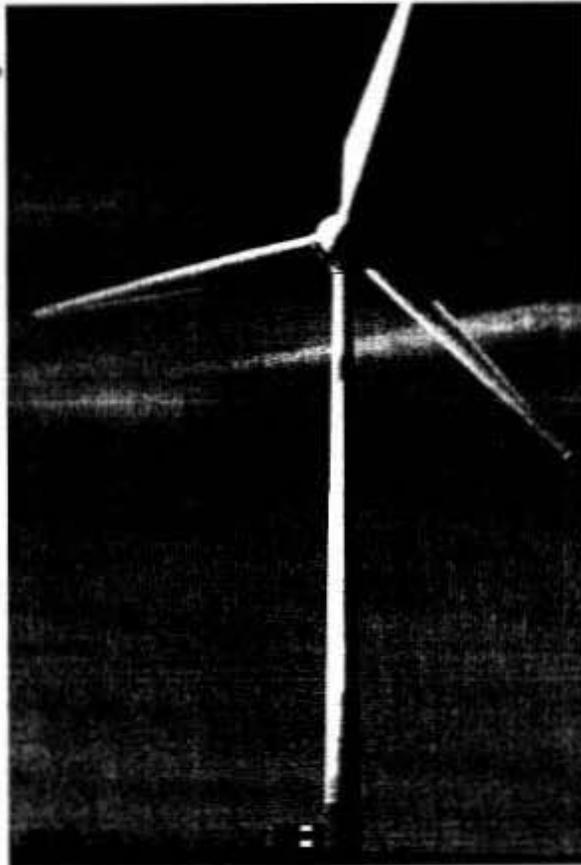
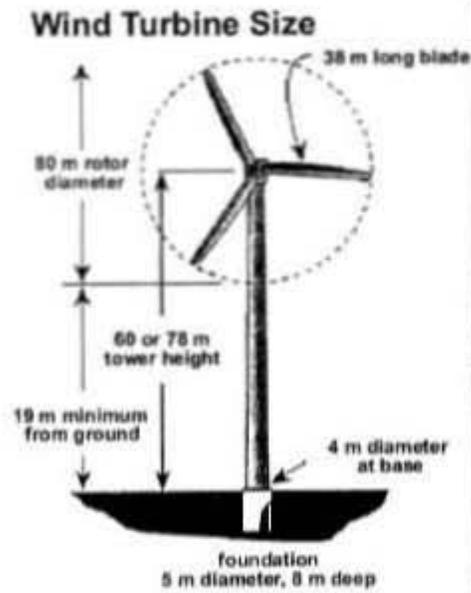
or to such other address as any of the Parties shall have last notified in the manner provided herein. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery of such notice, demand or request if served personally or by courier, or if mailed as aforesaid, the fourth day of business following the date of mailing.

- 5.10 **Law Compliance:** The Parties to this agreement shall promptly comply with all laws and regulations and, when required by law, shall do all things on its part required to be done to maintain in good standing all licenses, permits and certificates as are necessary for the operation of the Parties business from the Said Lands. Nothing herein shall be interpreted to create any relationship such as agency, partnership, or joint venture between the Parties, nor shall any provision hereof be construed to authorize any Party to act for or create any obligation on behalf of any other Party.
- 5.11 **Community Benefits:** If the Landlord makes a contribution from the land revenue it receives from the wind turbines towards local community initiatives, the Tenant will match that contribution and the parties will work together and agree to the amount of such contribution.
- 5.12 **Force Majeur:** Time shall be of the essence hereof. No Party shall be liable to any other for any delay in performance under any provision of this Agreement where such delay is occasioned by strike or other labour difficulty, civil disorder, armed conflict, embargo, fire, flood, accident or any other cause of any kind or extent beyond the control of that Party.
- 5.13 **Dispute Resolution:** In the event of any dispute or disagreement between the parties with respect to: (a) the interpretation of any provision of this Agreement, (b) the performance of either party under this Agreement, or (c) any other matter that is in dispute between the parties related to this Agreement, upon the written request of either party, the dispute will be settled by final and binding arbitration conducted in accordance with the Arbitration Act, 1991 (Ontario), as amended from time to time.
- 5.14 **Severability:** If, and to the extent that, any court of competent jurisdiction determines that it is impossible to construe any provision of this Lease and as a consequence holds that provision to be invalid, such holding shall not affect the

validity of the other provisions of this Lease, which shall remain in full force and effect.

- 5.15 **Governing Law:** The law governing the interpretation and implementation of this Agreement is the law prevailing from time to time in the Province of Ontario. It is hereby understood and agreed that the Province of Ontario shall be the jurisdiction for the enforcement of any of the rights and obligations hereunder by or on behalf of either of the parties.

SCHEDULE D
TURBINE EQUIPMENT DETAILS



Note: The above dimensions are only indicative, the actual dimensions could vary depending upon technological changes.

Appendix 'C'

Form of Permanent Easement Option Agreement

OPTION AGREEMENT - PERMANENT EASEMENT

This Option Agreement made this ■ day of ■, 20■,

BETWEEN:

WINDLECTRIC INC.

a corporation duly incorporated and existing
under the laws Canada,

(hereinafter called “**Windlectric**”)

- and -

■

(hereinafter the “**Grantor**”)

WHEREAS:

- A. The Grantor is the owner of those certain lands legally described as ■ (the “**Lands**”);
- B. Windlectric is considering the development of a wind power project on Amherst Island and wishes to have the right to access a portion of the Lands indicated by the area shaded in Schedule I, for the purposes of transmitting power to the provincial power grid and for the transporting and delivery of wind power project related equipment and materials upon construction of such project; and
- C. The Grantor has offered to Windlectric, and Windlectric has agreed to accept, an option to obtain an easement and right-of-way, upon the terms and conditions set out herein (the “**Option**”);

WITNESS THAT in consideration of the compensation provided and the covenants and agreements herein contained, the parties hereby covenant and agree with each other as follows:

- 1. The Grantor hereby offers to Windlectric and Windlectric hereby accepts from the Grantor an exclusive five (5) year option (hereinafter referred to as the “**Option Period**”) to exercise its right to an easement and right-of-way over the Lands, to benefit such lands as Windlectric may elect upon exercise thereof, for the purposes of electric transmission and transportation services, as further described in, and subject to the terms and conditions of, the transfer of easement and right-of-way set out in Appendix “A” hereto (the “**Transfer of Easement and Right-of-Way**”).
- 2. As consideration for the granting of the Option, Windlectric shall pay to the Grantor compensation as follows:
 - (a) Within sixty (60) days following the date hereof, the amount of ■ dollars (\$■), in respect of legal fees; and
 - (b) Annually, within sixty (60) days following the anniversary of the date hereof, the amount of ■ dollars (\$■), ending upon the exercise of the Option (and if the exercise of the

Option occurs on anything other than the anniversary of the date hereof, Windlectric shall be responsible for a pro rata share of such annual fee).

3. The Grantor provides the right to Windlectric to enter the Lands during the Option Period upon providing prior notice, for the purpose of conducting surveys, tests, investigations and engineering assessments, as required by Windlectric in its sole discretion. Windlectric's rights over and use of the Lands shall apply only to the shaded area of land indicated in Schedule I.
4. The rights of Windlectric herein shall be of the same force and effect as a covenant running with the Lands, and the Grantor hereby consents to the registration of a notice of interest in land upon the title of the parcel within which the Lands are located.
5. Windlectric shall have the absolute and unfettered right to assign or transfer its rights hereunder in whole or in part and shall not be bound to give notice thereof to any party.
6. Notwithstanding the generality of the foregoing, the parties agree that Windlectric shall have the right to mortgage, charge or otherwise encumber its interest in the Lands.
7. If Grantor is not the sole owner of the Lands, this Option Agreement shall bind the Grantor to the full extent of its interest therein and shall also extend to any after-acquired interest in the Lands but all monies payable or paid to the Grantor hereunder shall be paid to the Grantor only in the proportion that its interest in the Lands bears to the entire interest therein.
8. Any payment required to be made to the Grantor hereunder may be made by Windlectric sending a cheque by prepaid post to the Grantor at its address for service of notices as herein provided (or in such other place as the Grantor may designate from time to time).
9. Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given: (i) personally delivered, (ii) sent by prepaid courier service, or (iii) sent by telecopier or other similar means of electronic communication addressed as follows:

To the Grantor:

To: ■

Attention: ■

To Windlectric:
Windlectric Inc.
2845 Bristol Circle
Oakville, Ontario
L6H 7H7

Attention: Todd Anderson
Fax: 905-465-4514

Any notice so given is deemed conclusively to have been given and received when personally delivered or sent by prepaid courier service, telecopier or other electronic communication. Either party hereto may change any particulars of its address for notice by notice to the other in the manner aforesaid.

- 10. The Grantor hereby agrees that all provisions herein are reasonable and valid and if any provision herein is determined to be unenforceable, in whole or in part, it shall be severable from all other provisions and shall not affect or impair the validity of all other provisions.
- 11. The Grantor agrees that, should there be any secured party with a registration on title to the Lands, upon the exercise of the option by Windlectric as provided for herein, the Grantor shall have such secured party execute a counter-sign page to the Transfer of Easement and Right-of-Way as provided for in the attached Appendix "A".
- 12. The Grantor covenants and agrees with Windlectric that it has good and marketable title to the Lands and has the right to grant the Option and the easement and right-of-way referred to herein.
- 13. This Option Agreement including all rights, privileges, benefits and easement hereby granted and all covenants and conditions herein contained, shall extend to, be binding upon and entire to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto respectively; and, wherever the singular or masculine is used it shall, where necessary, be construed as if the plural, or feminine or neuter had been used, as the case may be.

IN WITNESS WHEREOF the parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED

in the presence of



(Servient Tenement Owner)

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

WINDLECTRIC INC.

Per: _____



"I have the authority to bind the corporation."

**APPENDIX "A" TO OPTION AGREEMENT
SCHEDULE TO PAPER REGISTRATION**

WHEREAS the Transferor is the registered owner of an estate in fee simple, of all that certain parcel or tract of and arid premises, in the Geographic Township of Amherst Island, in the County of Lennox and Addington, being all the land ■ (hereinafter called the "**Easement Lands**"), and illustrated in Schedule I herein;

AND WHEREAS the Transferee is the registered owner of a leasehold estate in that certain parcel or tract of land and premises situated, lying and being in the Township of Loyalist, in the County of Lennox and Addington, in the Province of Ontario, and being composed of ■ acres, ■ (hereinafter called the "**Transferee's Lands**");

AND WHEREAS the Mortgagee, if any, is the registered holder of a charge affecting the Easement Lands and such other additional Party, if any, has a claim or interest herein;

Box (7) Continued - Interest/Estate Transferred

1. The Transferor (and the Mortgagee or other Party hereto, if any) hereby transfers, sells, grants and conveys to the Transferee, to use and enjoy as appurtenant to all or any part of the Transferee's Lands, the right, liberty, privilege and free and unencumbered easement in, on, over, under and/or through the Easement Lands, to survey, lay, construct, operate, install, use, inspect, patrol, remove, renew, replace, alter, enlarge, reconstruct, repair, expand, make additions to, move, transport, keep and maintain electric transmission facilities and transportation of wind power project infrastructure, materials and equipment, including all necessary buried cables and wires, conduits, conduit structures, markers, manholes, fixtures, vaults, barges, barging related infrastructure, wind turbines and parts, and equipment and materials related to the construction of a wind power facility and all appurtenances thereto, which the Transferee may deem necessary or convenient for the purpose of electric transmission services and transportation of wind power project related equipment and materials, and to attach other wires, cables, equipment and accessories and to permit the attachment of the wires, cables, equipment and accessories of any other company or commission for the purpose only of supplying such services, equipment, materials, and to erect and set the necessary guy and brace poles and anchors and to attach thereto and to the trees the necessary guy wires, together with the right-of-way for ingress and egress at any time and all times over, along, upon and through the Easement Lands for the Transferee, its servants, agents, employees, those engaged in its business, contractors, and subcontractors, on foot and/or with vehicles, supplies, machinery and equipment necessary or incidental to the exercise and enjoyment of the rights, privileges and easement hereby granted (hereinafter referred to as the "**Easement and Right-of-Way**"). The Transferee's rights and use of the Lands shall only apply to the shaded area of land indicated in Schedule I.

THE TERMS AND CONDITIONS ABOVE-MENTIONED WHICH THE TRANSFEE AND TRANSFEROR (AND THE MORTGAGEE OR ANY OTHER PARTY HERETO, IF ANY) SHALL OBSERVE AND BE BOUND BY AREAS FOLLOWS:

2. This Easement and Right-of-Way shall be effective from the ■ day of ■ 20■ and the rights, privileges and easement hereby granted shall continue for a period of fifty (50) years; provided, that this Easement and Right-of-Way is entered into subject to the express condition that the subdivision control provisions in Section 50 the *Planning Act* shall be complied with. If, notwithstanding the application of Section 50(3)(d) of the *Planning Act*, or in the alternative,

the application of Section 50(3)(d.1) of the *Planning Act*, consent is required under the *Planning Act* and if this consent has not been obtained, the term of this Easement and Right-of-Way shall be deemed to be twenty-one (21) years less one (1) day. Upon obtaining consent pursuant to Section 50 of the *Planning Act*, the term of this Easement and Right-of-Way shall be the original term as provided for above.

3. As consideration for the granting of the Easement and Right-of-Way, the Transferee shall pay to the Transferor compensation, upon the commencement of construction, annually, within sixty (60) days following the anniversary of the commencement of construction, the amount of \$■ dollars (\$■), ending at the expiry or early termination of this agreement (and if this agreement expires or terminates on anything other than the fiftieth (50th) anniversary thereof, the Transferee shall be responsible for a pro rata share of such annual fee). Such annual payments shall be subject to an annual rise of one percent (1%) to be compounded.
4. The Transferee further agrees to pay to the Transferor any increase in municipal taxes assessed against or attributable to the Easement Lands above those taxes that would have been reasonably payable by the Transferor had the Transferee's equipment not been located on the Easement Lands (the "**Excess Taxes**"); provided that the Transferee's obligation to pay such Excess Taxes shall be determined on the basis of a separate bill, if available. If the relevant taxing authority does not issue a separate bill, then the Transferor shall provide reasonable evidence of the increase attributable to the location of the Transferee's equipment on the Easement Lands.
5. The Transferee acknowledges and agrees that all electrical transmission lines and related transmission infrastructure shall be underground and similar in design and location as depicted herein as Schedule "I" and "II". The location of any transportation facilities including roads and barging infrastructure shall be determined by Transferee in its sole discretion, but the Transferee shall consult with the Transferor with regard to their location prior to construction.
6. The Transferee shall have the right at any time and from time to time, but subject to the consent of the Transferor, not to be unreasonably withheld, to remove by blasting or otherwise any boulder or rock, and to sever, fell, remove or control the growth of any roots, trees, stumps, brush or other vegetation on or under the Easement Lands.
7. The rights of the Transferee herein shall be of the same force and effect as a covenant running with the Easement Lands and the rights hereunder shall be appurtenant to the Transferee's Lands.
8. In the event the Transferee exercises its right to install additional electric transmission or transportation facilities on the Easement Lands or conduct any operations, subsequent to the year of installation of any prior electric transmission and transportation facilities, the Transferee shall be provided with, if so required, a temporary work area within the Easement Lands, selected by the Transferor, acting reasonably. In the event such a temporary work area is required, the Transferee shall provide a one-time payment of \$■ for the twelve month period commencing on the date access is first required. This payment will cover any subsequent usage of the area for such twelve month period.

The Transferee shall have the absolute and unfettered right to assign or transfer its rights hereunder in whole or in part and shall not be bound to give notice thereof to any party.

9. Notwithstanding the generality of the foregoing, the Transferor and the Transferee agree that the Transferee shall have the right to mortgage, charge or otherwise encumber its interest in the Easement Lands. Upon receipt of written notice of the existence of any chargee of the Transferee

(a “**Transferee Lender**”) in respect of the Easement Lands, the Transferor hereby agrees that it shall provide to the Transferee Lender a copy of any notice provided to the Transferee at the same time or times, and shall allow the Transferee Lender a reasonable period to rectify any default of the Transferee prior to the Transferor exercising any remedies in relation thereto. The Transferor further agrees that, upon receipt of notice that the Transferee Lender or its nominee or assignee has become entitled to exercise the rights of the Transferee hereunder, the Transferor shall permit such party to exercise all of the rights of the Transferee hereunder, subject only to the obligation to pay the compensation due hereunder and to abide by the terms hereof.

10. If the Transferor is not the sole owner of the Easement Lands, this Easement and Right-of-Way shall bind the Transferor to the full extent of its interest therein and shall also extend to any after-acquired interest in the Easement Lands but all monies payable or paid to the Transferor hereunder shall be paid to the Transferor only in the proportion that its interest in the Easement Lands bears to the entire interest therein.
11. The Transferee acknowledges and agrees that the Transferor shall have the right to grant further easements in respect of the Easement Lands to public utilities necessary to access any part of the Transferor’s property, provided the Transferee is indemnified in respect of any damages and costs caused through the use thereof.
12. The Transferee covenants and agrees that it shall make all commercially reasonable efforts to reseed any disturbed grass and to return all surface areas to the condition existing prior to construction, and that it shall make reasonable efforts to relocate on the Transferor’s property any flower beds, hedges and small trees disturbed by construction by the Transferee. Any gates, fences and tile drains interfered with by the Transferee shall be restored by the Transferee at its expense as closely as is reasonably practicable to the condition in which they existed immediately prior to such interference by the Transferee, and in the case of tile drains, such restoration shall be performed in accordance with good drainage practice.
13. As soon as it is reasonably practicable after the construction of the said electric transmission and transportation facilities, the Transferee shall remove all debris therefrom and in all respects restore the said Easement Lands to their former state so far as is practical.
14. The Transferor shall have the right to fully use and enjoy the said Easement Lands, except as may be necessary for any of the purposes hereby granted to the Transferee, provided that without the prior written consent of the Transferee, the Transferor shall not excavate, drill, install, erect or permit to be excavated, drilled, installed or erected in, on, over or through the said Easement Lands any pit, well, foundation, pavement, building or other structure or installation. Notwithstanding the foregoing, the Transferee upon request shall consent to the Transferor erecting or repairing fences, constructing or repairing his tile drains and domestic sewer pipes, water pipes and utility pipes and constructing or repairing his lanes, roads, driveways, pathways, and walks across, on and in the said Easement Lands or any portion or portions thereof, provided that before commencing any of the work referred to in this Clause the Transferor shall: (a) give the Transferee at least ten (10) clear days notice in writing pointing out the work desired so as to enable the Transferee to have a representative inspect the site and/or be present at any time or times during the performance of the work, (b) follow the instructions of such representative as to the performance of such work without damage to the said electric transmission facilities, (c) exercise a high degree of care in carrying out any such work and, (d) perform any such work in such a manner so as not to endanger or damage the said electric transmission facilities.

15. Notwithstanding any rule of law or equity, any electric transmission or transportation facilities constructed by the Transferee together with all works, appurtenances, attachments, apparatus, appliances, markers, fixtures and equipment shall be deemed to be the property of the Transferee even though the same may have become annexed or affixed to the Transferor's Lands.
16. The Transferee shall have the right to abandon the electric transmission facilities, or any part thereof, during the term of this Easement and Right-of-Way. Furthermore, the Transferee shall have the right to remove the electric transmission facilities, or any part thereof, whether active or not, which may be located beneath the surface of the Easement Lands, but nothing contained herein shall require the Transferee so to do. Notwithstanding the foregoing, any such abandonment shall at all times comply with all prevailing laws and regulations.
17. The Transferor hereby covenants that:
 - (a) it has the right to convey this Easement and Right-of-Way to the Transferee;
 - (b) the Transferee shall have quiet enjoyment of the rights, privileges, easement and right-of-way hereby granted;
 - (c) the Transferor or its heirs, executors, administrators, successors and assigns will execute such further assurances of this Easement and Right-of-Way and do such other acts (at the Transferee's expense) as may be reasonably required; and
 - (d) the Transferor has not done, omitted or permitted anything whereby the Easement Lands are or may be encumbered (except as the records of the appropriate land registry office disclose).
18. The Transferee shall indemnify the Transferor and any other party hereto, such as the Mortgagee and/or Party having a claim or interest herein, against all action, suits, claims and demands by any person or persons whomsoever in respect of any loss, injury, damage or obligation to compensate arising out of, or connected with, the work carried on by the Transferee on the Easement Lands, or in respect of any breach of any of the terms and conditions of this Easement and Right-of-Way insofar as the same relates to and affects the said Easement Lands.
19. The Transferee hereby covenants and agrees to maintain appropriate insurance on the Easement Lands and the equipment located thereon, as it may deem appropriate in its sole discretion.
20. If, in the sole discretion of the Transferee, compliance with the provisions of the *Planning Act* should be required by obtaining municipal consent to a severance, then the Transferor hereby appoints the Transferee as its attorney to execute such consents or authorizations as may be necessary for the Transferee to obtain any necessary consents from the local Land Division Committee or Committee of Adjustment and agrees to co-operate in any such applications for consent.
21. Any payment required to be made to the Transferor hereunder may be made by the Transferee sending a cheque by prepaid post to the Transferor at its address for service of notices as herein provided or (or in such other place as the Transferor may designate from time to time).
22. Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given: (i) personally delivered, (ii) sent by prepaid courier service, or (iii) sent by telecopier or other similar means of electronic communication addressed as follows:

To the Transferor:

■

Attention: ■

Fax:

To the Transferee:

Windlectric Inc.
2845 Bristol Circle
Oakville, Ontario
L6H 7H7

Attention: Todd Anderson

Fax: 905-465-4514

Any notice so given is deemed conclusively to have been given and received when personally delivered or sent by prepaid courier service, telecopier or other electronic communication. Either party hereto may change any particulars of its address for notice by notice to the other in the manner aforesaid.

23. The Transferor hereby agrees that all provisions herein are reasonable and valid and if any provision herein is determined to be unenforceable, in whole or in part, it shall be severable from all other provisions and shall not affect or impair the validity of all other provisions.
24. This Easement and Right-of-Way including all rights, privileges, benefits and easement hereby granted and all covenants and conditions herein contained, shall extend to, be binding upon and entire to the benefit of the heirs, executors, administrators, successors and assigns of the Parties hereto respectively; and, wherever the singular or masculine is used it shall, where necessary, be construed as if the plural, or feminine or neuter had been used, as the case may be.

AND, the Mortgagee and/or Party having a claim or interest herein, all, if any, covenant that the Transferee shall have quiet possession of the rights, privileges and easement hereby granted.

IN WITNESS WHEREOF the parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

Witness

TRANSFEROR

■

By: _____

Name:

Title:

By: _____

Name:

Title:

TRANSFeree
WINDLECTRIC INC.

Per: _____

■

“I have the authority to bind the corporation.”

And the Mortgagee in Mortgage/Charge Number **[Insert Instrument No. of Mortgage]**, registered on **[Insert Registration Date]**, in consideration of the sum of Two Dollars (\$2.00), the receipt of which hereof is hereby acknowledged, joins herein for the purpose of consenting to the rights under the Transfer of Easement and Right of Way hereto attached and the complete enjoyment and quiet possession thereof by the Transferee and agrees to be bound by the provisions hereof to the extent that the Mortgagee's interest in the Transferor's lands shall be treated as being subsequent to the Transferee's interest granted by this Transfer of Easement and Right of Way.

[MORTGAGEE]

Per: _____

Name:

Title:

I/We have the authority to bind the corporation.

COUNTY OF LENNOX AND ADDINGTON

PROVINCE OF ONTARIO

DECLARATION REQUIRED UNDER
SECTION 50 OF THE *PLANNING ACT*,
R.S.O. 1990, as amended

I, ■, of the ■ of ■, in the Province of Ontario,
DO SOLEMNLY DECLARE THAT

1. I am the ■ of Windlectric Inc., and the Transferee in the attached Transfer of Easement and, as such, have knowledge of the matters herein deposed to.
2. The use of or right in the land described in the said Transfer of Easement is being acquired by Windlectric Inc. for the purpose of an "electricity transmission line" within the meaning of Part VI of the Ontario *Energy Board Act*, 1998, and I hereby make this declaration that it is being acquired for such purpose.
3. The use of or right in the land described in the said Transfer of Easement is being acquired by Windlectric Inc. for the purpose of a renewable energy generation facility or renewable energy project within the meaning of Section 50(3)(d.1) of the Ontario *Planning Act*, and I hereby make this declaration that it is being acquired for such purpose.

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath, and by virtue of the *Canada Evidence Act*.

DECLARED before me at the ■ of ■, in the)
 Province of Ontario, this _____ day of)
 _____, 201____.)
)
)
)
)
)
)

A Commissioner for Oaths, etc.

Name:

Appendix 'D'

Form of Temporary Easement Option Agreement

OPTION AGREEMENT – TEMPORARY EASEMENT

This Option Agreement made this _____ day of _____,

BETWEEN:

WINDLECTRIC INC.

a corporation duly incorporated and existing under the laws of Canada

(hereinafter called “**Windlectric**”)

– and –

■

(hereinafter the “**Grantor**”)

WHEREAS:

- A. The Grantor is the owner of those certain lands legally described as ■ (the “**Lands**”);
- B. Windlectric is considering the development of a wind power project on Amherst Island and wishes to have the right to access a portion of the Lands indicated by the area shaded in Schedule I, for the purposes of the transporting and delivery of wind power project related equipment and materials necessary to construct the infrastructure to transmit power to the provincial power grid upon construction of such project; and
- C. The Grantor has offered to Windlectric, and Windlectric has agreed to accept, an option to obtain a temporary easement and right-of-way, upon the terms and conditions set out herein (the “**Option**”);

WITNESS THAT in consideration of the compensation provided and the covenants and agreements herein contained, the parties hereby covenant and agree with each other as follows:

- 1. The Grantor hereby offers to Windlectric and Windlectric hereby accepts from the Grantor an exclusive five (5) year option (hereinafter referred to as the “**Option Period**”) to exercise its right to an easement and right-of-way over the Lands, to benefit such lands as Windlectric may elect upon exercise thereof, for the purposes of the construction of electric transmission and transportation infrastructure, as further described in, and subject to the terms and conditions of, the transfer of easement and right-of-way set out in Appendix “A” hereto (the “**Transfer of Easement and Right-of-Way**”).
- 2. As consideration for the granting of the Option, Windlectric shall pay to the Grantor compensation ■ (\$■).
- 3. The Grantor provides the right to Windlectric to enter the Lands during the Option Period upon providing prior notice, for the purpose of conducting surveys, tests, investigations

and engineering assessments, as required by Windlectric in its sole discretion. Windlectric's rights over and use of the Lands shall apply only to the shaded area of land indicated in Schedule I.

4. The rights of Windlectric herein shall be of the same force and effect as a covenant running with the Lands, and the Grantor hereby consents to the registration of a notice of interest in land upon the title of the parcel within which the Lands are located.
5. Windlectric shall have the absolute and unfettered right to assign or transfer its rights hereunder in whole or in part and shall not be bound to give notice thereof to any party.
6. Notwithstanding the generality of the foregoing, the parties agree that Windlectric shall have the right to mortgage, charge or otherwise encumber its interest in the Lands.
7. If Grantor is not the sole owner of the Lands, this Option Agreement shall bind the Grantor to the full extent of its interest therein and shall also extend to any after-acquired interest in the Lands but all monies payable or paid to the Grantor hereunder shall be paid to the Grantor only in the proportion that its interest in the Lands bears to the entire interest therein.
8. Any payment required to be made to the Grantor hereunder may be made by Windlectric sending a cheque by prepaid post to the Grantor at its address for service of notices as herein provided (or in such other place as the Grantor may designate from time to time).
9. Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given: (i) personally delivered, (ii) sent by prepaid courier service, or (iii) sent by telecopier or other similar means of electronic communication addressed as follows:

To the Grantor:

■

Attention:

To Windlectric:

Windlectric Inc.
2845 Bristol Circle
Oakville, Ontario
L6H 7H7

Attention: ■
Fax: 905-465-4514

Any notice so given is deemed conclusively to have been given and received when personally delivered or sent by prepaid courier service, telecopier or other electronic communication. Either party hereto may change any particulars of its address for notice by notice to the other in the manner aforesaid.

- 10. The Grantor hereby agrees that all provisions herein are reasonable and valid and if any provision herein is determined to be unenforceable, in whole or in part, it shall be severable from all other provisions and shall not affect or impair the validity of all other provisions.
- 11. The Grantor agrees that, should there be any secured party with a registration on title to the Lands, upon the exercise of the option by Windlectric as provided for herein, the Grantor shall have such secured party execute a counter-sign page to the Transfer of Easement and Right-of-Way as provided for in the attached Appendix "A".
- 12. The Grantor covenants and agrees with Windlectric that it has good and marketable title to the Lands and has the right to grant the Option and the easement and right-of-way referred to herein.
- 13. This Option Agreement including all rights, privileges, benefits and easement hereby granted and all covenants and conditions herein contained, shall extend to, be binding upon and entire to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto respectively; and, wherever the singular or masculine is used it shall, where necessary, be construed as if the plural, or feminine or neuter had been used, as the case may be.

IN WITNESS WHEREOF the parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED)

in the presence of)

Witness)

Name)

Name)

WINDLECTRIC INC.

Per: _____
■

"I have the authority to bind the corporation."

APPENDIX "A" TO OPTION AGREEMENT

SCHEDULE TO PAPER REGISTRATION

WHEREAS the Transferor is the registered owner of an estate in fee simple, of all that certain parcel or tract of and arid premises, in the Geographic Township of Amherst Island, in the County of Lennox and Addington, being all the land north of Front Road identified as ■ (hereinafter called the "**Easement Lands**"), and illustrated in Schedule I herein;

AND WHEREAS the Transferee is the registered owner of a leasehold estate in that certain parcel or tract of land and premises situated, lying and being in the Township of Loyalist, in the County of Lennox and Addington, in the Province of Ontario, and being composed of ■ acres, south of Front Road and identified as ■ (hereinafter called the "**Transferee's Lands**");

AND WHEREAS the Mortgagee, if any, is the registered holder of a charge affecting the Easement Lands and such other additional Party, if any, has a claim or interest herein;

Box (7) Continued - Interest/Estate Transferred

1. The Transferor (and the Mortgagee or other Party hereto, if any) hereby transfers, sells, grants and conveys to the Transferee, to use and enjoy as appurtenant to all or any part of the Transferee's Lands, the right, liberty, privilege and free and unencumbered easement in, on, over, under and/or through the Easement Lands, to survey, lay, construct, operate, install, use and inspect electric transmission facilities and transportation of wind power project infrastructure, materials and equipment, including all necessary buried cables and wires, conduits, conduit structures, markers, manholes, fixtures, vaults, barges, barging related infrastructure, wind turbines and parts, and equipment and materials related to the construction of a wind power facility and all appurtenances thereto, which the Transferee may deem necessary or convenient for the purpose of electric transmission services and transportation of wind power project related equipment and materials, and to attach other wires, cables, equipment and accessories and to permit the attachment of the wires, cables, equipment and accessories of any other company or commission for the purpose only of supplying such services, equipment, materials, and to erect and set the necessary guy and brace poles and anchors and to attach thereto and to trees the necessary guy wires, together with the right-of-way for ingress and egress at any time and all times over, along, upon and through the Easement Lands for the Transferee, its servants, agents, employees, those engaged in its business, contractors, and subcontractors, on foot and/or with vehicles, supplies, machinery and equipment necessary or incidental to the exercise and enjoyment of the rights, privileges and easement hereby granted (hereinafter referred to as the "**Easement and Right-of-Way**"). The Transferee's rights and use of the Lands shall only apply to the shaded area of land indicated in Schedule I.

THE TERMS AND CONDITIONS ABOVE-MENTIONED WHICH THE TRANSFEE AND TRANSFEROR (AND THE MORTGAGEE OR ANY OTHER PARTY HERETO, IF ANY) SHALL OBSERVE AND BE BOUND BY AREAS FOLLOWS:

2. This Easement and Right-of-Way shall be effective from the ■ day of ■, 20■ and the rights, privileges and easement hereby granted shall continue for the lesser of (i) ■ years

and (ii) the completion of construction and testing of the electricity transmission facilities and the associated wind power project; provided, that this Easement and Right-of-Way is entered into subject to the express condition that the subdivision control provisions in Section 50 the *Planning Act* shall be complied with. If, notwithstanding the application of Section 50(3)(d) of the *Planning Act*, or in the alternative, the application of Section 50(3)(d.1) of the *Planning Act*, consent is required under the *Planning Act* and if this consent has not been obtained, the maximum term of this Easement and Right-of-Way shall be deemed to be twenty-one (21) years less one (1) day.

3. As consideration for the granting of the Easement and Right-of-Way, the Transferee shall pay to the Transferor compensation, upon commencement of construction, a one time payment in the amount of ■ dollars (\$■), payable within sixty (60) days following the commencement of construction.
4. The Transferee acknowledges and agrees that electrical transmission lines and related transmission infrastructure may be constructed underground and/or overhead and similar in design and location as depicted herein as Schedule I and II. The location of any transportation facilities including roads and barging infrastructure shall be determined by Transferee in its sole discretion, but the Transferee shall consult with the Transferor with regard to their location prior to construction.
5. The Transferee shall have the right at any time and from time to time, but subject to the consent of the Transferor, not to the unreasonably withheld, to remove by blasting or otherwise any boulder or rock, and to sever, fell, remove or control the growth of any roots, trees, stumps, brush or other vegetation on or under the Easement Lands.
6. The rights of the Transferee herein shall be of the same force and effect as a covenant running with the Easement Lands and the rights hereunder shall be appurtenant to the Transferee's Lands.
7. The Transferee shall have the absolute and unfettered right to assign or transfer its rights hereunder in whole or in part and shall not be bound to give notice thereof to any party.
8. Notwithstanding the generality of the foregoing, the Transferor and the Transferee agree that the Transferee shall have the right to mortgage, charge or otherwise encumber its interest in the Easement Lands. Upon receipt of written notice of the existence of any charge of the Transferee (a "**Transferee Lender**") in respect of the Easement Lands, the Transferor hereby agrees that it shall provide to the Transferee Lender a copy of any notice provided to the Transferee at the same time or times, and shall allow the Transferee Lender a reasonable period to rectify any default of the Transferee prior to the Transferor exercising any remedies in relation thereto. The Transferor further agrees that, upon receipt of notice that the Transferee Lender or its nominee or assignee has become entitled to exercise the rights of the Transferee hereunder, the Transferor shall permit such party to exercise all of the rights of the Transferee hereunder, subject only to the obligation to pay the compensation due hereunder and to abide by the terms hereof.

9. If the Transferor is not the sole owner of the Easement Lands, this Easement and Right-of-Way shall bind the Transferor to the full extent of its interest therein and shall also extend to any after-acquired interest in the Easement Lands but all monies payable or paid to the Transferor hereunder shall be paid to the Transferor only in the proportion that its interest in the Easement Lands bears to the entire interest therein.
10. The Transferee acknowledges and agrees that the Transferor shall have the right to grant further easements in respect of the Easement Lands to public utilities necessary to access any part of the Transferor's property, provided the Transferee is indemnified in respect of any damages and costs caused through the use thereof.
11. The Transferee covenants and agrees that it shall make all commercially reasonable efforts to reseed any disturbed grass and to return all surface areas to the condition existing prior to construction, and that it shall make reasonable efforts to relocate on the Transferor's property any flower beds, hedges and small trees disturbed by construction by the Transferee. Any gates, fences and tile drains interfered with by the Transferee shall be restored by the Transferee at its expense as closely as is reasonably practicable to the condition in which they existed immediately prior to such interference by the Transferee, and in the case of tile drains, such restoration shall be performed in accordance with good drainage practice.
12. As soon as it is reasonably practicable after the construction of the said electric transmission and transportation facilities, the Transferee shall remove all debris therefrom and in all respects restore the said Easement Lands to their former state so far as is practical.
13. The Transferor shall have the right to fully use and enjoy the said Easement Lands, except as may be necessary for any of the purposes hereby granted to the Transferee, provided that without the prior written consent of the Transferee, the Transferor shall not excavate, drill, install, erect or permit to be excavated, drilled, installed or erected in, on, over or through the said Easement Lands any pit, well, foundation, pavement, building or other structure or installation. Notwithstanding the foregoing, the Transferee upon request shall consent to the Transferor erecting or repairing fences, constructing or repairing his tile drains and domestic sewer pipes, water pipes and utility pipes and constructing or repairing his lanes, roads, driveways, pathways, and walks across, on and in the said Easement Lands or any portion or portions thereof, provided that before commencing any of the work referred to in this Clause the Transferor shall: (a) give the Transferee at least ten (10) clear days' notice in writing pointing out the work desired so as to enable the Transferee to have a representative inspect the site and/or be present at any time or times during the performance of the work, (b) follow the instructions of such representative as to the performance of such work without damage to the said electric transmission facilities, (c) exercise a high degree of care in carrying out any such work and, (d) perform any such work in such a manner so as not to endanger or damage the said electric transmission facilities.
14. Notwithstanding any rule of law or equity, any electric transmission or transportation facilities constructed by the Transferee together with all works, appurtenances,

attachments, apparatus, appliances, markers, fixtures and equipment shall be deemed to be the property of the Transferee even though the same may have become annexed or affixed to the Transferor's Lands.

15. The Transferee shall have the right to abandon the electric transmission facilities, or any part thereof, during the term of this Easement and Right-of-Way. Furthermore, the Transferee shall have the right to remove the electric transmission facilities, or any part thereof, whether active or not, which may be located beneath the surface of the Easement Lands, but nothing contained herein shall require the Transferee so to do. Notwithstanding the foregoing, any such abandonment shall at all times comply with all prevailing laws and regulations.
16. The Transferor hereby covenants that:
 - (a) it has the right to convey this Easement and Right-of-Way to the Transferee;
 - (b) the Transferee shall have quiet enjoyment of the rights, privileges, easement and right-of-way hereby granted;
 - (c) the Transferor or its heirs, executors, administrators, successors and assigns will execute such further assurances of this Easement and Right-of-Way and do such other acts (at the Transferee's expense) as may be reasonably required; and
 - (d) the Transferor has not done, omitted or permitted anything whereby the Easement Lands are or may be encumbered (except as the records of the appropriate land registry office disclose).
17. The Transferee shall indemnify the Transferor and any other party hereto, such as the Mortgagee and/or Party having a claim or interest herein, against all action, suits, claims and demands by any person or persons whomsoever in respect of any loss, injury, damage or obligation to compensate arising out of, or connected with, the work carried on by the Transferee on the Easement Lands, or in respect of any breach of any of the terms and conditions of this Easement and Right-of-Way insofar as the same relates to and affects the said Easement Lands.
18. The Transferee hereby covenants and agrees to maintain appropriate insurance on the Easement Lands and the equipment located thereon, as it may deem appropriate in its sole discretion.
19. If, in the sole discretion of the Transferee, compliance with the provisions of the *Planning Act* should be required by obtaining municipal consent to a severance, then the Transferor hereby appoints the Transferee as its attorney to execute such consents or authorizations as may be necessary for the Transferee to obtain any necessary consents from the local Land Division Committee or Committee of Adjustment and agrees to cooperate in any such applications for consent.
20. Any payment required to be made to the Transferor hereunder may be made by the Transferee sending a cheque by prepaid post to the Transferor at its address for service of

notices as herein provided or (or in such other place as the Transferor may designate from time to time).

21. Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given: (i) personally delivered, (ii) sent by prepaid courier service, or (iii) sent by telecopier or other similar means of electronic communication addressed as follows:

To the Transferor:

■

Attention:

Fax:

To the Transferee:

Windlectric Inc.
2845 Bristol Circle
Oakville, Ontario
L6H 7H7

Attention: ■

Fax: 905-465-4514

Any notice so given is deemed conclusively to have been given and received when personally delivered or sent by prepaid courier service, telecopier or other electronic communication. Either party hereto may change any particulars of its address for notice by notice to the other in the manner aforesaid.

22. The Transferor hereby agrees that all provisions herein are reasonable and valid and if any provision herein is determined to be unenforceable, in whole or in part, it shall be severable from all other provisions and shall not affect or impair the validity of all other provisions.
23. This Easement and Right-of-Way including all rights, privileges, benefits and easement hereby granted and all covenants and conditions herein contained, shall extend to, be binding upon and entire to the benefit of the heirs, executors, administrators, successors and assigns of the Parties hereto respectively; and, wherever the singular or masculine is used it shall, where necessary, be construed as if the plural, or feminine or neuter had been used, as the case may be.

AND, the Mortgagee and/or Party having a claim or interest herein, all, if any, covenant that the Transferee shall have quiet possession of the rights, privileges and easement hereby granted.

IN WITNESS WHEREOF the parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

TRANSFEROR

■

Witness

Name

Name

TRANSFeree
WINDLECTRIC INC.

Per: _____

“I have the authority to bind the corporation.”

And the Mortgagee in Mortgage/Charge Number **[Insert Instrument No. of Mortgage]**, registered on **[Insert Registration Date]**, in consideration of the sum of Two Dollars (\$2.00), the receipt of which hereof is hereby acknowledged, joins herein for the purpose of consenting to the rights under the Transfer of Easement and Right of Way hereto attached and the complete enjoyment and quiet possession thereof by the Transferee and agrees to be bound by the provisions hereof to the extent that the Mortgagee's interest in the Transferor's lands shall be treated as being subsequent to the Transferee's interest granted by this Transfer of Easement and Right of Way.

[MORTGAGEE]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the corporation.

COUNTY OF LENNOX AND ADDINGTON

PROVINCE OF ONTARIO

DECLARATION REQUIRED UNDER
SECTION 50 OF THE *PLANNING ACT*,
R.S.O. 1990, as amended

I, ■, of the ■ of ■, in the Province of Ontario,

DO SOLEMNLY DECLARE THAT

1. I am the _____ ■ of Windlectric Inc., and the Transferee in the attached Transfer of Easement and, as such, have knowledge of the matters herein deposited to.
2. The use of or right in the land described in the said Transfer of Easement is being acquired by Windlectric Inc. for the purpose of an “electricity transmission line” within the meaning of Part VI of the Ontario *Energy Board Act*, 1998, and I hereby make this declaration that it is being acquired for such purpose.
3. The use of or right in the land described in the said Transfer of Easement is being acquired by Windlectric Inc. for the purpose of a renewable energy generation facility or renewable energy project within the meaning of Section 50(3)(d.1) of the Ontario *Planning Act*, and I hereby make this declaration that it is being acquired for such purpose.

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath, and by virtue of the *Canada Evidence Act*.

DECLARED before me at the ■ of ■, in
the Province of Ontario, this _____ day of
_____, 201____.

A Commissioner for Oaths, etc.

Name

SCHEDULE I

SCHEDULE II

OVERVIEW OF SYSTEM IMPACT ASSESSMENT

1 The IESO issued a System Impact Assessment (“SIA”) Final Report in respect of the Generation
2 Project and the Proposed Transmission Facilities on April 18, 2012. In the SIA Final Report, the
3 IESO concludes that the proposed connection of the Generation Project, by means of the
4 Proposed Transmission Facilities and subject to the requirements specified in the SIA Final
5 Report, is expected to have no material adverse impacts on the reliability of the integrated power
6 system. Windlectric confirms that it will implement the requirements noted by the IESO in the
7 SIA Final Report. The SIA Final Report was issued together with a Notification of Conditional
8 Approval of a Connection Proposal, a copy of which is provided in Exhibit F, Tab 1, Schedule 2.
9 A copy of the SIA Final Report is provided in Exhibit F, Tab 1, Schedule 3.

NOTIFICATION OF CONDITIONAL APPROVAL

- 1 Concurrent with the issuance of the SIA Final Report, the IESO issued a Notification of
- 2 Conditional Approval of Connection Proposal to Windlectric on April 18, 2012, a copy of which
- 3 is included in this Exhibit F, Tab 1, Schedule 2.

April 18, 2012

Homer Lensink
Director, Energy Projects
Algonquin Power
2845 Bristol Circle, Oakville, ON L6H 7H7



Dear Mr. Lensink:

**RE: Amherst Island
Notification of Conditional Approval of Connection Proposal
CAA ID Number: 2011-433**

The IESO has now had an opportunity to review and assess your company's proposed connection of the Amherst Island WF as described in your System Impact Assessment application. The IESO has concluded that the proposed connection will not result in a material adverse impact on the reliability of the integrated power system. The IESO is therefore pleased to grant "conditional" approval as detailed in the attached System Impact Assessment report. Please note that any further material change to your proposed connection may require a re-assessment by the IESO and may result in a nullification of the conditional approval.

You may now initiate the IESO's "Market Entry" process. To do so, please contact Registration & Compliance Support at market.entry@ieso.ca at least eight months prior to your expected energization date. The SIA report, attached hereto, details the requirements that your company must fulfill during this process, including demonstrating that the facility *as installed* will not be materially different from the facility *as approved* by the IESO. The document entitled "Market Entry: A Step-by-Step Guide" provided in the approval email describes the key steps in the Market Entry process.

Please also be advised that the Market Rules governing the connection of renewable generation facilities in Ontario are currently being reviewed through the SE-91 stakeholder initiative and, therefore, new connection requirements (in addition to those outlined in the attached SIA), may be imposed in the future. More details can be found through the following link:
http://www.ieso.ca/imoweb/consult/consult_se91.asp

When your company has successfully completed the IESO's "Facility Registration/Market Entry" process, the IESO will provide you with a "final" approval, thereby confirming that the facility is fully authorized to connect to the IESO-controlled grid.

If you have any questions or require further information, please contact me.

Yours truly,



Michael Falvo

Manager – Market Facilitation

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cc: IESO Records

All information submitted in this process will be used by the IESO solely in support of its obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *Market Rules* and associated policies, standards and procedures and in accordance with its licence. All information submitted will be assigned the appropriate confidentiality level upon receipt.

SYSTEM IMPACT ASSESSMENT

- 1 The IESO issued its System Impact Assessment (SIA) Final Report to Windlectric on April 18,
- 2 2012. There have been no subsequent amendments. A copy of the SIA Final Report is included
- 3 in this Exhibit F, Tab 1, Schedule 3.



System Impact Assessment Report

CONNECTION ASSESSMENT & APPROVAL PROCESS

Final Report

CAA ID: 2011-433
Project: Amherst Island
Applicant: Windlectric Inc.

Market Facilitation Department
Independent Electricity System Operator

Date: April 18, 2012

REPORT

Document ID	IESO_REP_0807
Document Name	System Impact Assessment Report
Issue	1
Reason for Issue	Final Report
Effective Date	April 18, 2012

System Impact Assessment Report

Acknowledgement

The IESO wishes to acknowledge the assistance of Hydro One in completing this assessment.

Disclaimers

IESO

This report has been prepared solely for the purpose of assessing whether the connection applicant's proposed connection with the IESO-controlled grid would have an adverse impact on the reliability of the integrated power system and whether the IESO should issue a notice of conditional approval or disapproval of the proposed connection under Chapter 4, section 6 of the Market Rules.

Conditional approval of the proposed connection is based on information provided to the IESO by the connection applicant and Hydro One at the time the assessment was carried out. The IESO assumes no responsibility for the accuracy or completeness of such information, including the results of studies carried out by Hydro One at the request of the IESO. Furthermore, the conditional approval is subject to further consideration due to changes to this information, or to additional information that may become available after the conditional approval has been granted.

If the connection applicant has engaged a consultant to perform connection assessment studies, the connection applicant acknowledges that the IESO will be relying on such studies in conducting its assessment and that the IESO assumes no responsibility for the accuracy or completeness of such studies including, without limitation, any changes to IESO base case models made by the consultant. The IESO reserves the right to repeat any or all connection studies performed by the consultant if necessary to meet IESO requirements.

Conditional approval of the proposed connection means that there are no significant reliability issues or concerns that would prevent connection of the proposed project to the IESO-controlled grid. However, the conditional approval does not ensure that a project will meet all connection requirements. In addition, further issues or concerns may be identified by the transmitter(s) during the detailed design phase that may require changes to equipment characteristics and/or configuration to ensure compliance with physical or equipment limitations, or with the Transmission System Code, before connection can be made.

This report has not been prepared for any other purpose and should not be used or relied upon by any person for another purpose. This report has been prepared solely for use by the connection applicant and the IESO in accordance with Chapter 4, section 6 of the Market Rules. The IESO assumes no responsibility to any third party for any use, which it makes of this report. Any liability which the IESO may have to the connection applicant in respect of this report is governed by Chapter 1, section 13 of the Market Rules. In the event that the IESO provides a draft of this report to the connection applicant, the connection applicant must be aware that the IESO may revise drafts of this report at any time in its sole discretion without notice to the connection applicant. Although the IESO will use its best efforts to advise you of any such changes, it is the responsibility of the connection applicant to ensure that the most recent version of this report is being used.

Hydro One

The results reported in this report are based on the information available to Hydro One, at the time of the study, suitable for a System Impact Assessment of this connection proposal.

The short circuit and thermal loading levels have been computed based on the information available at the time of the study. These levels may be higher or lower if the connection information changes as a result of, but not limited to, subsequent design modifications or when more accurate test measurement data is available.

This study does not assess the short circuit or thermal loading impact of the proposed facilities on load and generation customers.

In this report, short circuit adequacy is assessed only for Hydro One circuit breakers. The short circuit results are only for the purpose of assessing the capabilities of existing Hydro One circuit breakers and identifying upgrades required to incorporate the proposed facilities. These results should not be used in the design and engineering of any new or existing facilities. The necessary data will be provided by Hydro One and discussed with any connection applicant upon request.

The ampacity ratings of Hydro One facilities are established based on assumptions used in Hydro One for power system planning studies. The actual ampacity ratings during operations may be determined in real-time and are based on actual system conditions, including ambient temperature, wind speed and project loading, and may be higher or lower than those stated in this study.

The additional facilities or upgrades which are required to incorporate the proposed facilities have been identified to the extent permitted by a System Impact Assessment under the current IESO Connection Assessment and Approval process. Additional project studies may be necessary to confirm constructability and the time required for construction. Further studies at more advanced stages of the project development may identify additional facilities that need to be provided or that require upgrading.

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Executive Summary

Project Description

Windlectric Inc. (the “connection applicant”) is developing a new 75 MW wind power generation farm, Amherst Island (the “project”), in Amherst Island, Ontario. The project will be connected to the 115 kV circuit Q6S, about 20 km from Cataraqui transformer station. The project has been awarded a Power Purchase Agreement under the Feed-In Tariff (FIT) program with the Ontario Power Authority. The scheduled project in-service date is October 1st, 2014.

Findings

The following conclusions were derived from the study results.

1. The proposed connection arrangement for the project is acceptable to the IESO.
2. The system fault levels after the incorporation of the project will not exceed the interrupting capabilities of the existing breakers in the IESO controlled grid near this project
3. The reactive power capability of the wind turbine generators along with the impedance between the wind turbine generators and the IESO controlled grid results in a reactive power deficiency at the connection point which has to be compensated with additional reactive power devices.
4. The functions of the proposed wind farm control system meet the requirements in the Market Rules except that the inertia emulation control function is unavailable. The IESO reserves the right to ask the connection applicant to install this function in the future when the function is available for the proposed type of Wind Turbine Generator (WTG).
5. The voltage performance with the proposed project is expected to be acceptable under both pre-contingency and post-contingency operating conditions
6. In the event of high flows eastward towards Ottawa, there is a probability of congestion after the connection of the project. As the probability of the congestion is very low, the IESO deems it as an acceptable risk and, hence, has no extra requirements. However, the IESO reserves the right to curtail the output of the connection applicant to respect the thermal ratings of the transmission system.
7. The WTGs of the project and the power system are expected to be transiently stable following recognized fault conditions.
8. The proposed WTGs are expected to remain connected to the grid for recognized system contingencies which do not remove the project by configuration.
9. Protection adjustments identified by Hydro One in the Protection Impact Assessment (PIA) to accommodate the project have no adverse impact on the reliability of IESO-controlled grid.
10. The relay margins on the affected circuits after the incorporation of the project conform to the Market Rules’ requirements.

IESO Requirements for Connection

Transmitter Requirements

The following requirements are applicable for the transmitter for the incorporation of the project:

- (1) Hydro One is required to review the relay settings of the 115 kV circuit Q6S and any other circuits affected by the project, as per solutions identified in the PIA.

Modifications to protection relays after this SIA is finalized must be submitted to IESO as soon as possible or at least six (6) months before any modifications are to be implemented. If those modifications result in adverse reliability impacts, the connection applicant and the transmitter must develop mitigation solutions.

Applicant Requirements

Specific Requirements: The following *specific* requirements are applicable for the incorporation of the project. Specific requirements pertain to the level of reactive compensation needed, operation restrictions, special protection system, upgrading of equipment and any project specific items not covered in the *general* requirements.

- (1) The main step-up transformer must have off load taps at least from 116 kV to 128 kV.
- (2) The project is required to have the capability to inject or withdraw reactive power continuously (i.e. dynamically) at a connection point up to 33% of its rated active power at all levels of active power output.
Based on the equivalent collector impedance parameters provided by the connection applicant, a static compensation device of 8 MVar@ 34.5 kV installed at the collector bus would satisfy the reactive power requirement.
The connection applicant has the obligation to ensure that the project has the capability to meet the Market Rules requirement at the connection point and be able to confirm this capability during the commission tests.
- (2) The wind farm voltage control system shall be designed as per the philosophy described in Section 6.4. The connection applicant is required to provide a finalized copy of the functional description of the wind farm control systems for the IESO's approval before the project is allowed to connect.

General Requirements: The connection applicant shall satisfy the applicable requirements and standards specified in the Market Rules, Market Manuals and the Transmission System Code. The following requirements summarize some of the general requirements that are applicable to the proposed project, and presented in detail in section 2 of this report.

- (1) The connection applicant shall ensure that the project has the capability to operate continuously between 59.4Hz and 60.6Hz and for a limited period of time in the region above straight lines on a log-linear scale defined by the points (0.0s, 57.0Hz), (3.3s, 57.0Hz), and (300s, 59.0Hz).
The project shall respond to frequency increase by reducing the active power with an average droop based on maximum active power adjustable between 3% and 7% and set at 4%. Regulation deadband shall not be wider than $\pm 0.06\%$. The generation project shall respond to system frequency decline by temporarily boosting its active power output for some time (i.e. 10 s) by recovering energy from the rotating blades, if this technology is available.
- (2) The connection applicant shall ensure that the project has the capability to supply continuously all levels of active power output for 5% deviations in terminal voltage.

The proposed project shall inject or withdraw reactive power continuously (i.e. dynamically) at a connection point up to 33% of its rated active power at all levels of active power output except where a lesser continually available capability is permitted by the IESO.

The proposed project shall have the capability to regulate automatically voltage within $\pm 0.5\%$ of any set point within $\pm 5\%$ of rated voltage at a point whose impedance (based on rated apparent power and rated voltage) is not more than 13% from the highest voltage terminal. If the AVR target voltage is a function of reactive output, the slope $\Delta V/\Delta Q_{max}$ shall be adjustable to 0.5%. The response of the generation project for voltage changes shall be similar or better than that of a generation project with a synchronous generation unit and an excitation system that meets the requirements of Appendix 4.2 of the Market Rules.

- (3) The generation project shall have the capability to ride through routine switching events and design criteria contingencies assuming standard fault detection, auxiliary relaying, communication, and rated breaker interrupting times unless disconnected by configuration.
- (4) The connection applicant shall ensure that the 115 kV equipment is capable of continuously operating between 113 kV and 127 kV. Protective relaying must be set to ensure that transmission equipment remains in-service for voltages between 94% of the minimum continuous value and 105% of the maximum continuous value specified in Appendix 4.1 of the Market Rules.
- (5) The connection applicant shall ensure that the connection equipment is designed to be fully operational in all reasonably foreseeable ambient temperature conditions. The connection equipment must also be designed so that the adverse effects of its failure on the IESO-controlled grid are mitigated. This includes ensuring that all circuit breakers fail in the open position.
- (6) The connection applicant shall install at the project a disturbance recording device with clock synchronization that meets the technical specifications provided by the transmitter.
- (7) The connection applicant shall ensure that the new equipment at the project be designed to sustain the fault levels in the area. If any future system changes result in an increased fault level higher than the equipment's capability, the connection applicant is required to replace the equipment with higher rated equipment capable of sustaining the increased fault level, up to maximum fault level specified in Appendix 2 of the Transmission System Code.

Fault interrupting devices must be able to interrupt fault currents at the maximum continuous voltage of 127 kV.

- (8) Appendix 2 of the Transmission System Code states that the maximum rated interrupting time for the 115 kV breakers must be 5 cycles or less. Thus, the connection applicant shall ensure that the installed breakers meet the required interrupting time specified in the Transmission System Code.
- (9) The connection applicant shall ensure that the new protection systems at the project are designed to satisfy all the requirements of the Transmission System Code and any additional requirements identified by the transmitter.

As currently assessed by the IESO, the project is not a part of the Bulk Power System (BPS) and, therefore it is not designated as essential to the power system.

The connection applicant shall have adequate provision in the design of protections and controls at the project to allow for future installation of Special Protection Scheme (SPS) equipment.

The protection systems within the generation project must only trip the appropriate equipment required to isolate the fault.

The autoreclosure of the high voltage breakers at the connection point must be blocked. Upon its opening for a contingency, the high voltage breaker must be closed only after the IESO approval is granted.

Any modifications made to protection relays by the transmitter after this SIA is finalized must be submitted to the IESO as soon as possible or at least six (6) months before any modifications are to be implemented on the existing protection systems.

- (10) The connection applicant shall ensure that the telemetry requirements are satisfied as per the applicable Market Rules requirements. The finalization of telemetry quantities and telemetry testing will be conducted during the IESO Facility Registration/Market Entry process.
- (11) If revenue metering equipment is being installed as part of this project, the connection applicant should be aware that revenue metering installations must comply with Chapter 6 of the IESO Market Rules. For more details the connection applicant is encouraged to seek advice from their Metering Service Provider (MSP) or from the IESO metering group.
- (12) The proposed project must be compliant with applicable reliability standards set by the North American Electric Reliability Corporation (NERC) and the North East Power Coordinating Council (NPCC) that are in effect in Ontario as mapped in the following link: <http://www.ieso.ca/imoweb/ircp/orcp.asp>.
- (13) The connection applicant must complete the IESO Facility Registration/Market Entry process in a timely manner before IESO final approval for connection is granted.

Models and data, including any controls that would be operational, must be provided to the IESO at least seven months before energization to the IESO-controlled grid. This includes both PSS/E and DSA software compatible mathematical models.

The connection applicant must also provide evidence to the IESO confirming that the equipment installed meets the Market Rules requirements and matches or exceeds the performance predicted in this assessment. This evidence shall be either type tests done in a controlled environment or commissioning tests done on-site. The evidence must be supplied to the IESO within 30 days after completion of commissioning tests. If the submitted models and data differ materially from the ones used in this assessment, then further analysis of the project will need to be done by the IESO.

- (14) The Market Rules governing the connection of renewable generation facilities in Ontario are currently being reviewed through the SE-91 stakeholder initiative and, therefore, new connection requirements (in addition to those outlined in the SIA), may be imposed in the future. The connection applicant is encouraged to follow developments and updates through the following link: http://www.ieso.ca/imoweb/consult/consult_se91.asp.

Notification of Conditional Approval

The proposed connection of the Amherst Island WF project operating up to 75 MW, subject to the requirements specified in this report, is expected to have no material adverse impact on the reliability of the integrated power system.

It is recommended that a *Notification of Conditional Approval for Connection* be issued for the Amherst Island WF project subject to the implementation of the requirements outlined in this report.

– End of Section –

1. Project Description

Windlectric Inc (the “connection applicant”) has proposed to develop a 75 MW wind farm located in Amherst Island, Ontario, to be known as Amherst Island Wind (the “project”). The project has been awarded a Power Purchase Agreement under the Feed-In Tariff (FIT) program with the Ontario Power Authority. It is expected that full commercial operation will start on October 1, 2014.

Wind Turbine

The proponent proposed to use Siemens SWT 2.3 VS 60 Hz wind turbine. The rating of each turbine generator is approximately 2.3 MW, 690 V using a full load power electronic converter system. The Siemens SWT 2.3 VS 60 Hz turbine has a power factor capability of 0.9 lead to 0.9 lag. Each turbine generator is equipped with a pad mounted generator step-up (GSU) transformer rated at 2.6 MVA and 690 V/34.5 kV Wye/Delta with an impedance of 6%.

Grouping and Collector System

The proposed wind farm is composed of 33×2.3 MW wind turbines, totaling 75 MW. The turbine generators are arranged into three groups of 11 turbines each. Each generator group is connected to a 34.5 kV collector circuit. Each collector circuit is protected by a circuit breaker and connected to the 34.5 bus at the Amherst collector station.

Amherst collector station consists of a 115/34.5 kV, 50/67/84 MVA two winding Star/Delta step up transformer with 9% impedance on 50 MVA base, one 115 kV circuit breaker, one 34.5 kV incoming feeder circuit breaker and three 34.5 kV collector feeders circuit breakers.

Transmission Facilities

Amherst collector station, located on Amherst island, is connected to Hydro One’s 115 kV circuit Q6S north of Invista junction via a 3.5 km, 400 sqmm, CU, XLPE, submarine buried cable along with a 1.1 km 477ACSR overhead transmission line and an interconnection station consisting of single 138 kV, SF6, 1200A, 40 kA circuit breaker.

The single-line diagram of the proposed project is shown in Appendix A.

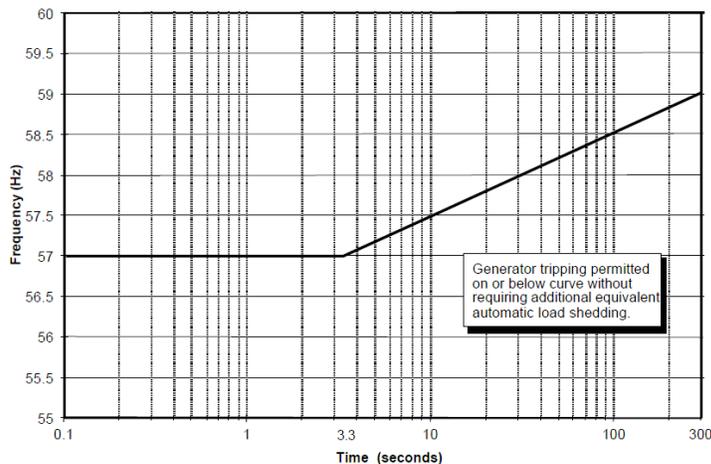
– End of Section –

2. General Requirements

The connection applicant shall satisfy the applicable requirements and standards specified in the Market Rules, Market Manuals and the Transmission System Code. The following sections highlight some of the general requirements that are applicable to the proposed project.

2.1 Frequency/Speed Control

As per Appendix 4.2 of the Market Rules, the connection applicant shall ensure that the generation project has the capability to operate continuously between 59.4 Hz and 60.6 Hz and for a limited period of time in the region above straight lines on a log-linear scale defined by the points (0.0 s, 57.0 Hz), (3.3 s, 57.0 Hz), and (300 s, 59.0 Hz), as shown in the following figure.



The project shall respond to frequency increase by reducing the active power with an average droop based on maximum active power adjustable between 3% and 7% and set at 4%. Regulation deadband shall not be wider than $\pm 0.06\%$. The generation project shall respond to system frequency decline by temporarily boosting its active power output for some time (i.e. 10 s) by recovering energy from the rotating blades. This usually refers to “inertia emulation control” function within the wind farm control system. It is not required for wind facilities to provide a sustained response to system frequency decline. The connection applicant will need to indicate to the IESO whether the function of inertia emulation control is commercially available for the proposed type of wind turbine generator at the time when the wind farm comes into service. If this function is available, the connection applicant is required to implement it before the new project can be placed in-service. If this function is commercially unavailable, the IESO reserves the right to ask the connection applicant to install this function in the future, once it is commercially available for the proposed type of wind turbine generator.

2.2 Reactive Power/Voltage Regulation

The generation project is directly connected to the IESO-controlled grid, and thus, the connection applicant shall ensure that the project has the capability to:

- supply continuously all levels of active power output for 5% deviations in terminal voltage. Rated active power is the smaller output at either rated ambient conditions (e.g. temperature, head, wind speed, solar radiation) or 90% of rated apparent power. To satisfy steady-state reactive power requirements, active power reductions to rated active power are permitted;

- inject or withdraw reactive power continuously (i.e. dynamically) at a connection point up to 33% of its rated active power at all levels of active power output except where a lesser continually available capability is permitted by the IESO. If necessary, shunt capacitors must be installed to offset the reactive power losses within the project in excess of the maximum allowable losses. If generators do not have dynamic reactive power capabilities, dynamic reactive compensation devices must be installed to make up the deficient reactive power;
- regulate automatically voltage within $\pm 0.5\%$ of any set point within $\pm 5\%$ of rated voltage at a point whose impedance (based on rated apparent power and rated voltage) is not more than 13% from the highest voltage terminal. If the AVR target voltage is a function of reactive output, the slope $\Delta V/\Delta Q_{\max}$ shall be adjusted to not more than 0.5%. The response of the generation project for voltage changes shall be similar to or better than the response of a generation project with a synchronous generation unit and an excitation system that meets the requirements of Appendix 4.2.

2.3 Voltage Ride Through Capability

The generation project shall have the capability to ride through routine switching events and design criteria contingencies assuming standard fault detection, auxiliary relaying, communication, and rated breaker interrupting times unless disconnected by configuration.

2.4 Voltage

Appendix 4.1 of the Market Rules states that under normal operating conditions, the voltages in the 115 kV system in southern Ontario are maintained within the range of 113 kV to 127 kV. Thus, the IESO requires that the 115 kV equipment in southern Ontario must have a maximum continuous voltage rating of at least 127 kV.

Protective relaying must be set to ensure that transmission equipment remains in-service for voltages between 94% of the minimum continuous value and 105% of the maximum continuous value specified in Appendix 4.1 of the Market Rules.

2.5 Connection Equipment Design

The connection applicant shall ensure that the connection equipment is designed to be fully operational in all reasonably foreseeable ambient temperature conditions. The connection equipment must also be designed so that the adverse effects of its failure on the IESO-controlled grid are mitigated. This includes ensuring that all circuit breakers fail in the open position.

2.6 Disturbance Recording

The connection applicant is required to install at the project a disturbance recording device with clock synchronization that meets the technical specifications provided by the transmitter. The device will be used to monitor and record the response of the project to disturbances on the 115 kV system in order to verify the dynamic response of generators. The quantities to be recorded, the sampling rate and the trigger settings will be provided by the transmitter.

2.7 Fault Level

The Transmission System Code requires the new equipment to be designed to sustain the fault levels in the area where the equipment is installed. Thus, the connection applicant shall ensure that the new equipment at the project is designed to sustain the fault levels in the area. If any future system enhancement results in an increased fault level higher than the equipment's capability, the connection applicant is required to replace the equipment with higher rated equipment capable of sustaining the increased fault level, up to maximum fault level specified in the Transmission System Code. Appendix 2 of the Transmission System Code establishes the maximum fault levels for the transmission system. For the 115 kV system, the maximum 3 phase and single line to ground symmetrical fault levels are 50 kA.

Fault interrupting devices must be able to interrupt fault currents at the maximum continuous voltage of 127 kV.

2.8 Breaker Interrupting Time

Appendix 2 of the Transmission System Code states that the maximum rated interrupting time for the 115 kV breakers must be ≤ 5 cycles. Thus, the connection applicant shall ensure that the installed breakers meet the required interrupting time specified in the Transmission System Code.

2.9 Protection System

The connection applicant shall ensure that the protection systems are designed to satisfy all the requirements of the Transmission System Code as specified in Schedules E, F and G of Appendix 1 and any additional requirements identified by the transmitter. New protection systems must be coordinated with the existing protection systems.

Facilities that are essential to the power system must be protected by two redundant protection systems according to section 8.2.1a of the TSC. These redundant protection systems must satisfy all requirements of the TSC, and in particular, they must not use common components, common battery banks or common secondary CT or PT windings. As currently assessed by the IESO, this project is not on the current Bulk Power System list, and therefore, is not considered essential to the power system. In the future, as the electrical system evolves, this project may be placed on the BPS list.

The connection applicant is required to have adequate provision in the design of protections and controls at the project to allow for future installation of Special Protection Scheme (SPS) equipment. Should a future SPS be installed to improve the transfer capability in the area or to accommodate transmission reinforcement projects, the project will be required to participate in the SPS system and to install the necessary protection and control facilities to affect the required actions.

The protection systems within the generation project must only trip the appropriate equipment required to isolate the fault. After the project begins commercial operation, if an improper trip of the 115 kV circuit Q6S occurs due to events within the project, the project may be required to be disconnected from the IESO-controlled grid until the problem is resolved.

The autoreclosure of the high voltage breakers at the connection point must be blocked. Upon its opening for a contingency, the high voltage breaker must be closed only after the IESO approval is granted.

Any modifications made to protection relays by the transmitter after this SIA is finalized must be submitted to the IESO as soon as possible or at least six (6) months before any modifications are to be implemented on the existing protection systems. If those modifications result in adverse impacts, the connection applicant and the transmitter must develop mitigation solutions

2.10 Telemetry

According to Section 7.3 of Chapter 4 of the Market Rules, the connection applicant shall provide to the IESO the applicable telemetry data listed in Appendix 4.15 of the Market Rules on a continual basis. As per Section 7.1.6 of Chapter 4 of the Market Rules, the connection applicant shall also provide data to the IESO in accordance with Section 5 of Market Manual 1.2, for the purposes of deriving forecasts of the amount of energy that the project is capable of producing. Telemetry list will be finalized during the IESO Facility Registration/Market Entry process.

The data shall be provided with equipment that meets the requirements set forth in Appendix 2.2, Chapter 2 of the Market Rules and Section 5.3 of Market Manual 1.2, in accordance with the performance standards set forth in Appendix 4.19 subject to Section 7.6A of Chapter 4 of the Market Rules.

As part of the IESO Facility Registration/Market Entry process, the connection applicant must complete end to end testing of all necessary telemetry points with the IESO to ensure that standards are met and that sign conventions are understood. All found anomalies must be corrected before IESO final approval to connect any phase of the project is granted.

2.11 Revenue Metering

If revenue metering equipment is being installed as part of this project, the connection applicant should be aware that revenue metering installations must comply with Chapter 6 of the IESO Market Rules. For more details the connection applicant is encouraged to seek advice from their Metering Service Provider (MSP) or from the IESO metering group.

2.12 Reliability Standards

Prior to connecting to the IESO controlled grid, the proposed project must be compliant with the applicable reliability standards established by the North American Electric Reliability Corporation (NERC) and reliability criteria established by the Northeast Power Coordinating Council (NPCC) that are in effect in Ontario. A mapping of applicable standards, based on the proponent's/connection applicant's market role/OEB license can be found here: <http://www.ieso.ca/imoweb/ircp/orcp.asp>

This mapping is updated periodically after new or revised standards become effective in Ontario.

The current versions of these NERC standards and NPCC criteria can be found at the following websites: <http://www.nerc.com/page.php?cid=2|20>
<http://www.npcc.org/documents/regStandards/Directories.aspx>

The IESO monitors and assesses market participant compliance with a selection of applicable reliability standards each year as part of the Ontario Reliability Compliance Program. To find out more about this program, write to orcp@ieso.ca or visit the following webpage: <http://www.ieso.ca/imoweb/ircp/orcp.asp>

Also, to obtain a better understanding of the applicable reliability compliance obligations and engage in the standards development process, we recommend that the proponent/ connection applicant join the IESO's Reliability Standards Standing Committee (RSSC) or at least subscribe to their mailing list by contacting rssc@ieso.ca. The RSSC webpage is located at: http://www.ieso.ca/imoweb/consult/consult_rssc.asp.

2.13 Restoration Participant

According to the Market Manual 7.8 which states restoration participant criteria and obligations, the connection applicant will not be required to be a restoration participant.

2.14 Facility Registration/Market Entry

The connection applicant must complete the IESO Facility Registration/Market Entry process in a timely manner before IESO final approval for connection is granted.

Models and data, including any controls that would be operational, must be provided to the IESO. This includes both PSS/E and DSA software compatible mathematical models representing the new equipment for further IESO, NPCC and NERC analytical studies. The models and data may be shared with other reliability entities in North America as needed to fulfill the IESO's obligations under the Market Rules, NPCC and NERC rules. The connection applicant may need to contact the software manufacturers directly, in order to have the models included in their packages. This information should be submitted at least seven months before energization to the IESO-controlled grid, to allow the IESO to incorporate this project into IESO work systems and to perform any additional reliability studies.

As part of the IESO Facility Registration/Market Entry process, the connection applicant must provide evidence to the IESO confirming that the equipment installed meets the Market Rules requirements and matches or exceeds the performance predicted in this assessment. This evidence shall be either type tests done in a controlled environment or commissioning tests done on-site. In either case, the testing must be done not only in accordance with widely recognized standards, but also to the satisfaction of the IESO. Until this evidence is provided and found acceptable to the IESO, the Facility Registration/Market Entry process will not be considered complete and the connection applicant must accept any restrictions the IESO may impose upon this project's participation in the IESO-administered markets or connection to the IESO-controlled grid. The evidence must be supplied to the IESO within 30 days after completion of commissioning tests. Failure to provide evidence may result in disconnection from the IESO-controlled grid.

If the submitted models and data differ materially from the ones used in this assessment, then further analysis of the project will need to be done by the IESO.

2.15 More Connection Requirements

The Market Rules governing the connection of renewable generation facilities in Ontario are currently being reviewed through the SE-91 stakeholder initiative and, therefore, new connection requirements (in addition to those outlined in the SIA), may be imposed in the future. The connection applicant is encouraged to follow developments and updates through the following link:

http://www.ieso.ca/imoweb/consult/consult_se91.asp

-End of Section-

3. Data Verification

3.1 Connection Arrangement

The connection arrangement of Amherst Island WF project shown in Figure 4 in Appendix A will not reduce the level of reliability of the integrated power system and is, therefore, acceptable to the IESO.

3.2 Siemens SWT-2.3 VS 60 Hz WTG

The Siemens SWT-2.3 VS 60Hz WTG is a variable speed full conversion wind turbine generator system. Its specifications are shown in Table 1.

Table 1: Specifications of Siemens SWT-2.3

Type	Rated Voltage	Rated MVA	Rated MW	Transformer			Q _{max} (MVA _r)	Q _{min} (MVA _r)	I _d '' (pu)
				MVA	R	X			
SWTVS4	690 V	2.556	2.3	2.6	0.79%	5.947%	1.1	-1.1	2.5

Voltage Ride-Through Capability

The Siemens SWT-2.3 wind turbine provides a voltage ride-through option. During a voltage drop/raise, the minimum time for a WTG to remain online is shown in Table 2. These times are based on the Siemens grid performance specifications for SWT-2.3 VS 60 Hz wind turbine. The proposed turbines will use this option.

Table 2: WTG voltage ride-through capability

Voltage Range (% of base voltage) Base voltage =0.69 kV	Minimum time for WTGs to Remain Online (s)
V<15	0.85
15<V<40	1.6
40<V<70	2.6
70<V<85	11
85< V < 90	200
110<V<120	1
V>120	0

The low voltage ride-through (LVRT) capability of the proposed WTGs was verified by performing transient stability studies as detailed in Section 6.8.

Frequency Ride-Through Capability

The Siemens SWT-2.3 is capable of continuous operation within the frequency band of 57 Hz to 62 Hz.

The Market Rules state that the generation facility directly connecting to the IESO-controlled grid shall operate continuously between 59.4Hz and 60.6Hz and for a limited period of time in the region above straight lines on a log-linear scale defined by the points (0.0s, 57.0Hz), (3.3s, 57.0Hz), and (300s, 59.0Hz).

The frequency ride-through capability of the proposed WTGs meets the Market Rules' requirements.

3.3 Main Step-Up Transformers

Table 3 shows the characteristics of the main step-up transformer.

Table 3: Main step-up transformer data

Unit	Rating (MVA) (ONAN/ONAF/ONAF)	Positive Sequence Impedance (pu) $S_B = 50$ MVA	Configuration		Zero Sequence Impedance (pu) $S_B = 50$ MVA	Tap
			HV	LV		
T1	50/66.5/84MVA	0.0023+j0.08	Y	Delta	0.002+j0.072	off load @HV: 120.75, 117.87, 115, 112.12, 109.25 kV

As indicated in Section 6.1, the voltage at the connection point is in the range of 121 kV – 126 kV, it is required that the step-up transformer have off load taps at least between 116 kV and 128 kV.

3.4 Collector System

Table 4 shows the equivalent impedance of the wind farm collector system.

Table 4: Equivalent impedance of collectors

Circuit	Unit#	MW	Positive-Sequence Impedance (pu, $S_B = 100$ MVA)			Zero-Sequence Impedance (pu, $S_B = 100$ MVA)		
			R	X	B	R	X	B
34L1	11	25	0.0530	0.0530	0.0128	0.1789	0.0291	0.01280
34L2	11	25	0.0273	0.0208	0.0094	0.0979	0.0117	0.00949
34L3	11	25	0.0809	0.0898	0.0167	0.2673	0.0490	0.01679

3.5 Connection Equipment

3.5.1 115 kV Circuit Breakers

Table 5 shows the specifications for the project's 115 kV circuit breakers.

Table 5: Specifications for 115 kV circuit breakers

Identifier	Voltage Rating	Continuous Current Rating	Short Circuit Symmetrical Rating
T1H1	138 kV	1200 A	40 kA

All circuit breakers meet the maximum continuous voltage rating requirement of 127 kV. The interrupting time and short circuit symmetrical duty ratings meet the requirements of the Transmission System Code (TSC).

3.5.2 Tap Line

The tap line from the project to the connection point at 115 kV circuit Q6S consists of an overhead circuit of about 1.1 km and a submarine cable of 3.5 km. The parameters of these lines are shown in Table 6.

Table 6: Parameters of tap line

Circuit	Conductor	Positive-Sequence Impedance*		
		(pu, $S_B=100\text{MVA}$)		
		R	X	B
OH Line	ACSR 477 kcmil 26/7	0.001001	0.00393	0.000506
Submarine Cable	400 sqmm, CU,XLPE	0.00168	0.00399	0.03146

(*) Zero-sequence impedance has not been provided. Typical data was assumed during the SIA. The applicant needs to provide these data during the IESO Market Entry process.

3.6 Wind Farm Control System

The Amherst Island WF project is proposed to be equipped with High Performance Park Pilot (HPPP) control system.

Voltage control

The voltage control of the wind farm is managed by two control loops. The inner loop controls the 690V system and is carried out by the wind turbine controller. The outer loop controls the HV system and is carried out by the High Performance Park Pilot (HPPP) system. The HPPP system receives feedback on the voltage level at the wind farm connection point. This is compared to the target levels by the wind farm controller and voltage references are distributed to the wind turbine controllers at the individual wind turbines.

Frequency control

The frequency control is managed by the HPPP system together with the wind turbine controller. The park frequency control is carried out by the HPPP system which distributes active power references to the wind turbine controllers at the individual wind turbines. The wind turbine controller responds to the latest reference from the HPPP system and will maintain this active power locally.

Inertia Emulation

The inertia emulation feature is currently unavailable in the Siemens SWT-2.3 wind turbine. The IESO reserves the right to ask the connection applicant to install this function in the future when the function is available for the proposed type of WTG.

-End of Section-

4. Short Circuit Assessment

Fault level studies were completed by the transmitter to examine the effects of the project on fault levels at existing facilities in the surrounding area. Studies were performed to analyze the fault levels with and without the project and other recently committed generation projects in the system.

The short circuit study was carried out with the following primary system assumptions:

(1) Generation Facilities In-Service

East

Lennox	G1-G4	Chenau	G1-G8
Kingston Cogen	G1-G2	Mountain Chute	G1-G2
Wolf Island	300 MW	Stewartville	G1-G5
Arnprior	G1-G2	Brockville	G1
Barrett Chute	G1-G4	Havelock	G1
Chats Falls	G2-G9	Saunders	G1-G16
Cardinal Power	G1, G2		

Toronto

Pickering units	G1, G4-G8	Sithe Goreway	G11-13, G15
Darlington	G1-G4	TransAlta Douglas	G1-G3
Portlands GS	G1-G3	GTAA	G1-G3
Algonquin Power	G1, G2	Brock west	G1
Whitby Cogen	G1		

Niagara

Thorold GS	GTG1, STG2	Beck 2	G11-G26
Beck 1	G3-G10	Beck 2 PGS	G1-G6
Decew	G1, G2, ND1		

South West

Nanticoke	G1, G2, G5-G8	Kingsbridge WGS	39.6 MW
Halton Hills GS	G1-G3	Amaranth WGS	199.5 MW

Bruce

Bruce A	G1-G4	Ripley WGS	76 MW
Bruce B	G5-G8	Underwood WGS	198 MW
Bruce A Standby	SG1		

West

Lambton units	G3-G4	Imperial Oil	G1
Brighton Beach	G1, G1A, G1B	Kruger Port Alma WGS	101.2 MW
Greenfield Energy Centre	G1-G4	Gosfield Wind Project	50.6 MW
St. Clair Energy Centre	CTG3, STG3, CTG4, STG4	Kruger Energy Chatham WF	101 MW
East Windsor Cogen	G1-G2	Raleigh Wind Energy Centre	78 MW
TransAlta Sarnia	G861, G871, G881, G891	Talbot Wind Farm	98.9 MW
Ford Windsor CTS	STG5	Dow Chemicals	G1, G2, G5
TransAlta Windsor	G1, G2	Port Burwell WGS	99 MW
West Windsor Power	G1, G2	Fort Chicago London Cogen	23 MVA
		Great Northern Tri-Gen Cogen	15MVA

(2) Previously Committed Generation Facilities

- Bruce G1, G2
- Big Eddy GS and Half Mile Rapids GS
- White Pines Wind Farm
- Summerhaven Wind Farm
- York Energy Centre
- Conestogo Wind Energy Centre 1
- Dufferin Wind Farm
- Port Dover and Nanticoke
- Grand Renewable Energy
- Greenfield South
- Comber East C24Z
- Comber West C23Z
- Pointe-Aux-Roches Wind
- South Kent Wind Farm

(3) Recently Committed Generation Facilities

- Bluewater Wind Energy Centre
- Jericho Wind Energy Centre
- Bornish Wind Energy Centre
- Goshen Wind Energy Centre
- Cedar Point Wind Power Project Phase II
- Adelaide Wind Energy Centre
- Grand Bend Wind Farms
- Grand Valley Wind Farms (Phase 3)
- Erieau Wind
- East Lake St. Clair Wind
- Adelaide Wind Power
- Gunn's Hill Wind Farm
- Silvercreek Solar Park
- K2 Wind
- Armow
- Beaverdale
- Dundalk
- Kingston Solar

(4) Existing and Committed Embedded Generation

- Essa area: 264 MW
- Ottawa area: 90 MW
- East area: 580 MW
- Toronto area: 168 MW
- Niagara area: 52 MW
- Southwest area: 348 MW
- Bruce area: 26 MW
- West area: 585 MW

(5) Transmission System Upgrades

- Leaside - Bridgman reinforcement: Leaside TS to Birch JCT: new 115 kV circuit;
- Tilbury West DS second connection point for DESN arrangement using K2Z and K6Z (CAA2008-332);
- Second 500kV Bruce-Milton double-circuit line (CAA2006-250);
- Woodstock Area transmission reinforcement (CAA2006-253);
 - Karn TS in service and connected to M31W & M32W at Ingersol TS
 - W7W/W12W terminated at LFarge CTS
 - Woodstock TS connected to Karn TS
- Lower Mattagami expansion - H22D line extension from Harmon to Kipling (CAA2006-239);
- Rodney (Duart) TS DESN connected to W44LC and W45LS 230 kV circuits (CAA2007-260)

(6) System Operation Conditions

- Lambton TS 230 kV operated *open*
- Claireville TS 230 kV operated *open*
- Leaside TS 230 kV operated *open*
- Leaside TS 115 kV operated *open*
- Middleport TS 230 kV bus operated *open*
- Hearn SS 115 kV bus operated *open*
- Cherrywood TS north & south 230kV buses operated *open*
- Richview TS 230 kV bus operated *open*
- All tie-lines in service and phase shifters on neutral taps
- Maximum voltages on the buses

Table 7 summarizes the fault levels at facilities near the project with and without the project and other recently committed generation projects.

Table 7: Fault levels at facilities near the project

Station	Before Phase 3 FIT Project		After Phase 3 FIT Project		Lowest Rated Circuit Breaker (kA)
	3-Phase	L-G	3-Phase	L-G	
<i>Symmetrical Fault (kA)*</i>					
Barrett Chute 115 kV	9.423	10.112	9.424	10.113	10.33
Hawthorne 500 kV	11.466	12.463	11.478	12.473	40
Hawthorne 230 kV	20.979	26.492	20.996	26.51	50
Hawthorne 115 kV	27.673	35.452	27.687	35.467	39.3
Hinchinbrooke 230 kV	20.152	13.519	20.373	13.603	63
Lennox 500 kV	26.207	36.257	26.301	27.129	41
Lennox 230 kV	35.48	43.797	35.848	44.176	60
Cataraqui 115 kV	17.958	21.174	18.01	21.233	27.5
Riverdale 115 kV	20.504	17.489	20.512	17.492	20.66
Stewartville 115 kV	8.969	10.774	8.97	10.774	10.5**
Sidney 115 kV	6.15	6.408	6.15	6.408	6.2**
St. Lawrence 230 kV	26.59	28.01	26.61	28.025	40
St. Lawrence 115 kV	19.261	22.481	19.265	22.485	50
<i>Asymmetrical Fault (kA)*</i>					
Barrett Chute 115 kV	9.563	10.974	9.563	10.974	11.4
Hawthorne 500 kV	14.027	16.118	14.041	6.13	48
Hawthorne 230 kV	25.905	34.5	25.925	34.523	60
Hawthorne 115 kV	32.707	43.957	32.724	43.976	45.4
Hinchinbrooke 230 kV	23.629	15.536	23.95	15.69	75.2
Lennox 500 kV	36.257	39.192	36.395	39.3	53.3
Lennox 230 kV	50.860	65.198	51.389	65.766	66
Cataraqui 115 kV	21.034	26.12	21.113	26.214	29.9
Riverdale 115 kV	20.769	18.123	20.769	18.123	22.73
Stewartville 115 kV	9.392	12.119	9.4	12.119	11.4**
Sidney 115 kV	6.331	6.692	6.331	6.693	6.8**
St. Lawrence 230 kV	33.344	36.77	33.368	36.789	48
St. Lawrence 115 kV	24.881	29.878	24.887	29.883	60

* Based on a pre-fault voltage level of 550 kV for 500 kV buses, 250 kV for 230 kV buses, and 127 kV for 115 kV buses.

**Hydro One confirmed that breakers have a 12.0 kA LG symmetrical rating and a 13.1 kA LG asymmetrical rating at Stewartville TS and a 7.1 kA LG symmetrical rating and a 7.8 kA LG asymmetrical rating at Sidney TS.

It can be seen from Table 7 that there is a small increase in fault levels following the addition of proposed projects. By comparing the fault levels from initial studies to the most restrictive breaker ratings, it can be seen that none of the breaker ratings will be exceeded under fault conditions.

Therefore, it can be concluded that the increase in fault levels due to the Amherst Island WF project does not cause new violations of breaker fault level ratings.

-End of Section-

5. Protection Impact Assessment

A Protection Impact Assessment (PIA) was completed by Hydro One to examine the impact of the new generators on existing transmission system protections. Proposed protection changes were included in the system impact studies. The PIA report is presented in Appendix B and summarized below.

Hardware Requirements

The existing protection schemes is not able to accommodate the new wind farm facility, therefore the distance relay based protection scheme presently utilized requires modification. For both Cataraqi TS and Sidney TS, the relays in the 'A' and 'B' protection groups shall be upgraded to standard relays.

Protection Changes

The changes to the existing transmission protection systems for incorporating the project have been proposed in the PIA report (Appendix B), as shown in Table 8.

Table 8: Proposed Q6S Protection Changes:

Station	Zone	Existing Reach (km)	Revised Reach (km)	Comments
Cataraqi TS	1	70	70	Set to cover up to 60% of the proponent's transformer.
	2	111	132	Set at 125% of the maximum apparent impedance seen for a fault at Sidney TS (148% of the line).
Sidney TS	1	70	70	Unaltered.
	2	138	138	Unaltered.

Telecommunication Requirements

The proponent is responsible to establish a dual bidirectional telecommunication link to transmit protection signals between the proposed facility, Cataraqi TS and Sidney TS. Geographic diversity is not mandatory. Performance of the telecommunication shall be compliant with the valid Transmission System Code. The system shall be constructed according to applicable IESO and Hydro One standards.

The PIA concluded that it is feasible for the connection applicant to connect the project at the proposed location as long as the proposed changes to protection hardware, protection settings, and telecommunications are made.

-End of Section-

6. System Impact Studies

The technical studies focused on identifying the impact of the new generation station on the reliability of the IESO-controlled grid. It includes thermal loading assessment of transmission lines, system voltage performance assessment of local buses, transient stability assessment of the proposed and major surrounding generation units, ride-through capability of the project. The study also investigates the performance of the proposed control system and identifies the impact of the project on existing SPS schemes. In addition, the reactive power capability of the project is assessed and compared to the Market Rules requirements.

6.1 Existing System

Amherst Island WF project is proposed to connect to the 115 kV line Q6S, between Cataraqi TS and Sidney TS.

Historical data, consisting of hourly average samples for the last two years, were obtained from IESO real-time telemetry for the following quantities:

- 1- Active power flow on 115 kV Q6S line measured at Cataraqi TS.
- 2- Cataraqi TS 115 kV bus voltage.
- 3- Sidney TS 115 kV bus voltage.

Plots for these quantities are presented in figures 1, 2 and 3. It is clear from Figure 1 that the normal direction of flow for line Q6S is from Cataraqi TS to Sidney TS. In addition, the voltage of Cataraqi TS bus stays above 124 kV for about 70% of the time. For Sidney TS, the voltage stays above 122 kV for 80% of the time.

Table 9 summarizes historical flows and voltages for lines and buses in the vicinity of the project.

Table 9: Flows and voltages based on 2010 and 2011 historical data

Flow	Range
Q6S	0 – 80 MW
Cataraqi T1 from 230 kV to 115 kV	0 – 120 MW
Cataraqi T1 from 230 kV to 115 kV	0 – 120 MW
X1H flow	-93.7 – 117 MW
X3H flow	-46.4 – 154.9 MW

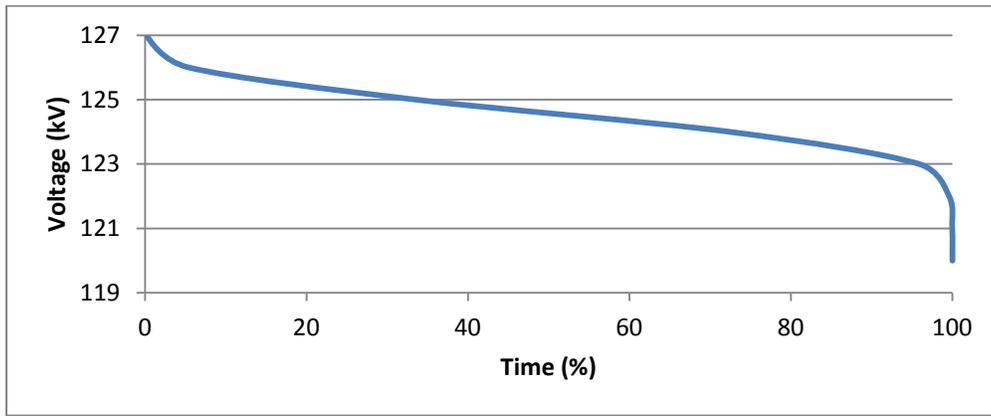


Figure 1: Cataraqui 115 kV bus voltage duration curve

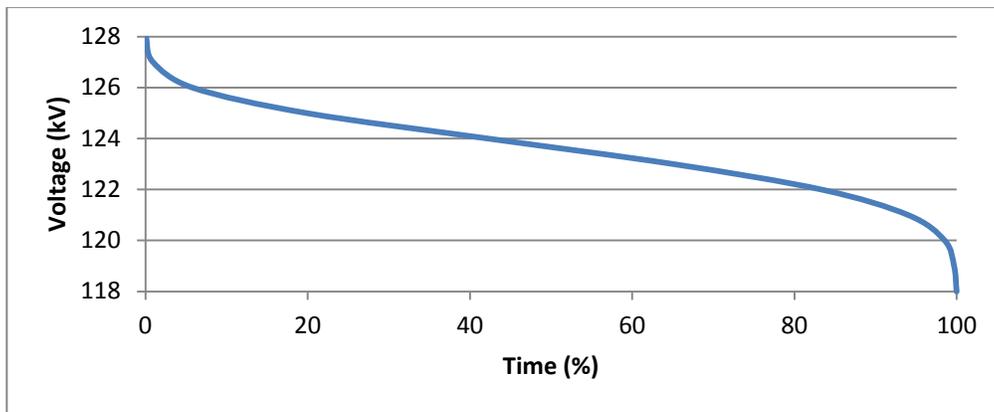


Figure 2: Sidney 115 kV bus voltage duration curve

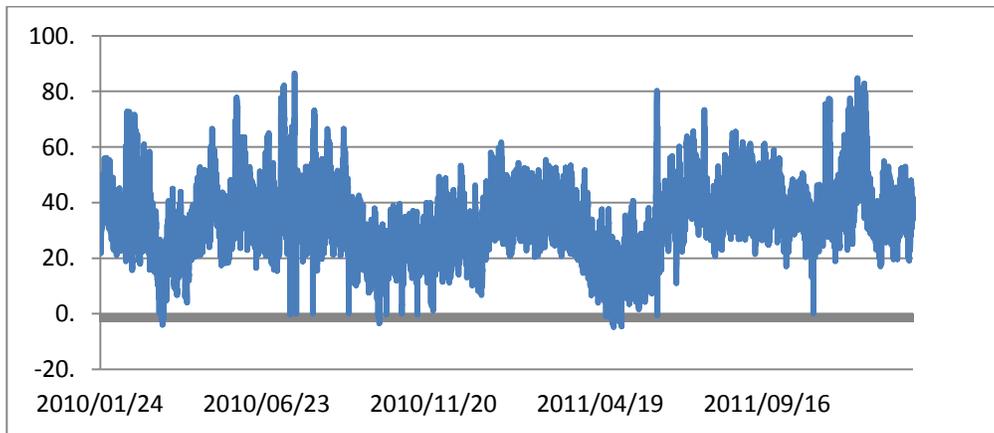


Figure 3: Active power flow of line Q6S

6.2 Study Assumptions

In this assessment, the 2014 summer base case was used with the following assumptions:

(1) **Transmission facilities:** All existing and committed major transmission facilities with 2014 in-service dates or earlier were assumed in service. The committed facilities primarily include:

- Second 500kV Bruce-Milton double-circuit line (CAA2006-250);
- Buchanan TS: one 250 MVAR shunt capacitor;
- Nanticoke and Detweiler SVCs;
- Series capacitors at Nobel SS in each of the 500 kV circuits X503E & X504E;
- Essa TS: one 250 MVAR shunt capacitor;

(2) **Generation facilities:** All existing and committed major generation facilities with 2013 in-service dates or earlier were assumed in service. The committed facilities primarily include:

Previously Committed Generation Facilities

- | | |
|---|--|
| <ul style="list-style-type: none"> • Bruce G1, G2 • Big Eddy GS and Half Mile Rapids GS • White Pines Wind Farm • Kingston Solar • York Energy Centre • Conestogo Wind Energy Centre 1 • Dufferin Wind Farm • Summerhaven Wind Farm | <ul style="list-style-type: none"> • Port Dover and Nanticoke • Grand Renewable Energy • Greenfield South • Comber East C24Z • Comber West C23Z • Pointe-Aux-Roches Wind • South Kent Wind Farm • Wolfe Island Shoals Wind |
|---|--|

Recently Committed Generation Facilities

- | | |
|--|---|
| <ul style="list-style-type: none"> • Bluewater Wind Energy Centre • Jericho Wind Energy Centre • Bornish Wind Energy Centre • Goshen Wind Energy Centre • Cedar Point Wind Power Project Phase II • Adelaide Wind Energy Centre • Grand Bend Wind Farms • Grand Valley Wind Farms (Phase 3) • Erieau Wind | <ul style="list-style-type: none"> • East Lake St. Clair Wind • Adelaide Wind Power • Gunn’s Hill Wind Farm • Silvercreek Solar Park • K2 Wind • Armow • Beaverdale • Dundalk |
|--|---|

Existing and Committed Embedded Generation

- | | |
|--|---|
| <ul style="list-style-type: none"> • Essa area: 264 MW • Ottawa area: 90 MW • East area: 580 MW • Toronto area: 168 MW | <ul style="list-style-type: none"> • Niagara area: 52 MW • Southwest area: 348 MW • Bruce area: 26 MW • West area: 585 MW |
|--|---|

(3) **Basecase:** peak load basecase was used in this SIA study. The system demand and the primary interface flows after the incorporation of the project are listed in Table 10.

Table 10: System demand and primary interface flows for basecase (MW)

Basecase	System Demand	NBLIP	FABC	FETT	QEW	FS	FIO
Peak Load	26880	2023	6412	6913	1146	1250	1585

6.3 Reactive Power Compensation

The Market Rules (MR) require that generators inject or withdraw reactive power continuously (i.e. dynamically) at a connection point up to 33% of its rated active power at all levels of active power output except where a lesser continually available capability is permitted by the IESO. A generating unit with a power factor range of 0.90 lagging and 0.95 leading at rated active power connected via impedance between the generator and the connection point not greater than 13% based on rated apparent power provides the required range of dynamic reactive capability at the connection point.

Dynamic reactive compensation (e.g. D-VAR or SVC) is required for a generating project which cannot provide a reactive power range of 0.90 lagging power factor and 0.95 leading power factor at rated active power. For a wind farm with impedance between the generator and the connection point greater than 13% based on rated apparent power, provided the WTGs have the capability to provide a reactive power range of 0.90 lagging power factor and 0.95 leading power factor at rated active power, the IESO accepts that the wind farm compensates for excessive reactive losses in the collector system of the project with static shunts (e.g. capacitors and reactors).

Dynamic Reactive Power Capability

The following summarizes the IESO required level of dynamic reactive power and the available capability of SWT-2.3 VS from Siemens document “Reactive Power Capability” (Document PG-R3-30-0000-0113-06).

	Terminal Voltage	Active Power	Reactive Power Capability/Turbine
IESO Required	690 V	2.3 MW	$Q_{\text{gen}} = 2.55 \times \sin [\cos^{-1} (0.9)] = 1.11 \text{ Mvar}$
			$Q_{\text{abs}} = 2.55 \times \sin [\cos^{-1} (0.95)] = 0.8 \text{ Mvar}$
SWT-2.3 VS Capability	690 V	2.3 MW	$Q_{\text{gen}} = 1.22 \text{ Mvar}$
			$Q_{\text{abs}} = 1.15 \text{ Mvar}$

The SWT-2.3 VS generators can deliver IESO required dynamic reactive power to the generator terminal at rated power and at rated voltage. Thus, the IESO has determined that there is no need to install any additional dynamic reactive power compensation device.

Static Reactive Power Capability

In addition to the dynamic reactive power requirement identified above, the WF has to compensate for the reactive power losses within the project to ensure that it has the capability to inject or withdraw reactive power up to 33% of its rated active power at the connection point. As mentioned above, the IESO accepts this compensation to be made with switchable shunt admittances.

Load flow studies were performed to calculate the static reactive compensation, based on the equivalent parameters provided by the connection applicant for the WF.

The reactive power capability in lagging power factor of the project was assessed under the following assumptions:

- typical voltage of 123 kV at the connection point;
- maximum active power output from the equivalent WTG;
- maximum reactive power output (lagging power factor) from the equivalent WTG, unless limited by the maximum acceptable WTG terminal voltage;
- maximum acceptable WTG voltage is 1.05;

The reactive power capability in leading power factor of the project was assessed under the following assumptions:

- typical voltage of 125 kV at the connection point;
- minimum (zero) active power output from the equivalent WTG;
- maximum reactive power consumption (leading power factor) from the equivalent WTG, unless limited by the minimum acceptable WTG terminal voltage;
- minimum acceptable WTG voltage is 0.95;

The WTGs may automatically disconnect themselves from the system during high wind conditions. This leaves only the collector system connected to the grid providing charging reactive power to the system. Simulation results show that under this situation the project will inject 8 MVAR reactive power into the system at the PCC, which may aggravate the high-voltage situation under some system condition. The project shall be capable of reducing the reactive power injection at the PCC at the request of the IESO. This may be obtained by disconnecting the collectors. Shall the project fail to meet the IESO’s direction, the IESO reserve the right to ask the applicant to disconnect the project from the system.

The IESO’s reactive power calculation used the equivalent electrical model for the WTG and collector feeders as provided by the connection applicant. It is very important that the WF has a proper internal design to ensure that the WTG are not limited in their capability to produce active and reactive power due to terminal voltage limits or other project’s internal limitations. For example, it is expected that the transformation ratio of the WTG step up transformers will be set in such a way that it will offset the voltage profile along the collector, and all the WTG would be able to contribute to the reactive power production of the WF in a shared amount.

Based on the equivalent parameters for the WF provided by the connection applicant, an amount of 8 MVAR of static reactive power compensation is required to be installed at the WF collector bus to meet the reactive power requirements at the connection point.

Static Reactive Power Switching

The IESO requires the voltage change on a single capacitor switching to be no more than 4 % at the any point in the IESO controlled grid. A switching study was carried out to investigate the effect of the new shunt capacitor banks on the voltage changes. It was assumed that the largest capacitor step size is 8 MVAR. To reflect a reasonably restrictive system condition, the voltage change study was studied under the peak load condition, and assumed no Lennox units in service.

Table 11: Voltage Changes due to Static Reactive Compensation Switching

Capacitor at 69 kV bus	34.5kV bus voltage	ICG connection point
Pre-switching	34.4 kV	123.2 kV
Post-switching	35.0 kV	124.1 kV
ΔV	1.7%	0.7%

Table 11 shows that switching a single capacitor of 8 MVAR results in less than 4 % voltage change at the connection point, therefore meeting the Market Rules’ requirement.

6.4 Wind Farm Voltage Control System

As per the Market Rules' requirements, the wind farm shall operate in voltage control mode by using all voltage control methods available within the project. The overall automatic voltage regulation philosophy for the project is summarized as follow:

- (1) All WTGs control the voltage at a point whose impedance (based on rated apparent power and voltage of the project) is not more than 13% from the connection point. Appropriate control slope is adopted for reactive power sharing among the WTGs as well as with adjacent generators. The reference voltage will be specified by the IESO during operation.
- (2) Capacitor banks are automatically switched in/out to regulate the overall WTGs' reactive generation to around zero output. The dead band for capacitor switching will be set to about $\pm 60\%$ size of the smallest capacitor to avoid control hunting.

In this control system, the voltage control by WTGs and the overall WTGs' reactive control by capacitor banks need to be coordinated by using different time constants.

In the event that the wind farm voltage control becomes unavailable, the IESO requires that each WTG be in reactive power control and maintain its reactive power output to the value prior to the loss of signal from the wind farm voltage control. Depending on system conditions, further action such as curtailing the output of the project may be required for reliability purposes.

6.5 Thermal Analysis

The *Ontario Resource and Transmission Assessment Criteria* requires that all line and equipment loads be within their continuous ratings with all elements in service, and within their long-term emergency ratings with any element out of service. Immediately following contingencies, lines may be loaded up to their short-term emergency ratings where control actions such as re-dispatch, switching, etc. are available to reduce the loading to the long-term emergency ratings.

Three different scenarios were used to investigate the impact of Amherst Island project on thermal loadings of the system;

- **Scenario 1:** Four units at Lennox generating at full output (2200 MW) with no Madawaska generation and peak Ottawa load. No imports from Quebec. This Scenario simulates heavy west to east flow.
- **Scenario 2:** No generation at Lennox with maximum Madawaska generation and light Ottawa load. This scenario simulates heavy east to west flows.
- **Scenario 3:** Two 230 kV units at Lennox generating at full output (1100 MW) with Madawaska generation in service and light Ottawa load. This scenario simulates heavy flows through Lennox autotransformers from 230 kV to 500 kV.

Different contingencies were studied for each of these scenarios. The results of the thermal analysis study are summarized in tables 12, 13 and 14.

During heavy west to east flows (Scenario 1), thermal analysis shows that the integration of Amherst Island WF project increased the flows along the 115 kV Q6S line between the connection point and Sidney TS in addition to pushing back onto the Lennox- Hinchinbrooke 230 kV lines through Cataraqui 230kV/115 kV autotransformers.

The loss of P15C line, between Cherrywood TS and Dobbin TS, combined with low output from Chenaux generation station, represents a worst case situation for scenario 1. For that particular contingency, the loading of Q6S line between project's connection point and Sidney TS can exceed the short time emergency rating (STE) of the line immediately after the occurrence of the contingency. Further investigation reveals that, Q6S line between project's connection point and Sidney TS composed of three line segments: from connection point to Selby JCT, from Selby JCT to Milltown and from Milltown to Sidney TS. As the first two segments are within 50 km from the subject project, 15 km/hr wind speed can be used to calculate their thermal line ratings. However, 4 km/hr has to be used to calculate the thermal rating of the third segment.

Sensitivity study was carried out for this particular contingency as shown in table 15. As can be seen from table 15, the rating violation can be alleviated if at least four Chenaux units are in service or 4 Barrett Chat units are in service or 1 Lennox unit is out of service combined with at least 1 Barrett chat unit in service.

Since the probability of having 35°C, full output wind power from the subject project, lack of Chenaux, lack of Madawaska generation, full output from Lennox and peak load at Ottawa is minimal; the IESO deems this situation as an acceptable risk. However, in the future, should the IESO decides that this situation is becoming unacceptable, the IESO reserves the right to curtail the output of the project to respect the thermal ratings of the transmission system.

Apart from the above identified situation, thermal analysis shows that integration of Amherst Island Wind project will not cause violation to the thermal ratings of the transmission system.

Table 12 Thermal Analysis Results for Scenario 1

Monitored Element	Cont. Rating (MVA)	LTR (MVA)	Pre-cont.		B5QK		B1S		P15C		Lennox T52		Cataraqui T1	
			MVA	(%) of cont. Rate	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR
Q6S from Amherst to Selby JCT	120.6	130.9	98.25	81.5	111.49	85.2	93.16	71.2	151.49	115.7	103.72	79.2	87.84	67.1
Q6S from Amherst to Cataraqui	120.6	157.5	26.55	22	40.1	25.5	20.78	13.2	77.98	49.5	32.66	20.7	16.3	10.3
B5QK at Cataraqui	165.6	218.8	156	94.2	0	0	156.37	71.5	164.92	75.4	160.78	73.5	146.21	66.8
B1S at Sidney	71.5	71.5	15.24	21.3	30.98	43.3	0	0	13.17	18.4	15.17	21.2	51.35	25.1
P4S at Sidney	153.35	200.37	15.08	9.8	14.89	7.4	15.01	7.5	41.69	20.8	16.75	8.4	15.31	21.4
P3S at Sidney	100.2	100.2	15.04	15	14.69	14.7	15.25	15.2	42.3	42.2	16.82	16.8	13.12	6.5
X1H at Lennox	403.9	533.5	182.99	45.3	161.4	30.3	181.57	34	203.51	38.1	204.39	38.3	12.8	12.8
X2H at Lennox	403.9	533.5	180.85	44.8	176.28	33	180.69	33.9	187.69	35.2	199.58	37.4	0	0
X3H at Lennox	403.9	533.5	161.45	40	139.72	26.2	160.02	30	182.26	34.2	181.92	34.1	222.56	41.7
X3H from Cataraqui to Kingston Solar	403.9	533.5	256.54	63.5	235.26	44.1	255.06	47.8	276.98	51.9	276.19	51.8	242.66	45.5
X4H at Lennox	403.9	533.5	132.11	32.7	127.88	24	132.07	24.8	138.68	26	149.9	28.1	335.5	62.9
T52 Lennox	926	1499	314.17	33.9	338.86	22.6	315.85	21.1	286.4	19.1	0	0	170.88	32
T51 Lennox	750	1158	339.52	45.3	363.09	31.4	341.12	29.5	310.04	26.8	569.77	49.2	322.21	21.5
Cataraqui T2	250	415	126.23	50.5	88.35	21.3	123.51	29.8	156.88	37.8	131.98	31.8	346.8	29.9
Cataraqui T1	250	415	110.75	44.3	72.89	17.6	108.05	26	141.45	34.1	116.31	28	214.86	51.8

Table 13 Thermal Analysis Results for Scenario 2

Monitored Element	Cont. Rating (MVA)	LTR (MVA)	Pre-cont.		B5QK		B1S		P15C		Lennox T52		Cataraqi T1	
			MVA	(%) of cont. Rate	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR
Q6S from Amherst to Selby JCT	120.6	130.9	65.04	53.9	57.64	44	90.11	68.8	73.29	56	62.98	48.1	61.02	46.6
Q6S from Amherst to Cataraqi	120.6	157.5	10.92	9.1	17.87	11.3	17.02	10.8	9.09	5.8	12.26	7.8	11.84	7.5
B5QK at Cataraqi	165.6	218.8	41.81	25.2	0	0	41.83	19.1	48.69	22.3	41.14	18.8	39.55	18.1
B1S at Sidney	71.5	71.5	57.05	79.8	70.47	98.6	0	0	51.74	72.4	57.12	79.9	57.15	79.9
P4S at Sidney	153.35	200.37	26.99	17.6	29.67	14.8	13.05	6.5	26.81	13.4	26.21	13.1	25.33	12.6
P3S at Sidney	100.2	100.2	27.49	27.4	30.17	30.1	13.27	13.2	27.43	27.4	26.69	26.6	25.81	25.8
X1H at Lennox	403.9	533.5	42.23	10.5	45.92	8.6	42.56	8	81.73	15.3	38.2	7.2	0	0
X2H at Lennox	403.9	533.5	60.7	15	61.93	11.6	60.28	11.3	108.39	20.3	55.04	10.3	71.23	13.4
X3H at Lennox	403.9	533.5	51.56	12.8	58.59	11	51.96	9.7	62.56	11.7	45.31	8.5	77.23	14.5
X3H from Cataraqi to Kingston Solar	403.9	533.5	54.5	13.5	61.01	11.4	54.97	10.3	152.38	28.6	48.63	9.1	79.58	14.9
X4H at Lennox	403.9	533.5	70.58	17.5	70.24	13.2	70.9	13.3	81.08	15.2	70.79	13.3	75.45	14.1
T52 Lennox	926	1499	283.35	30.6	286.58	19.1	283.7	18.9	511.33	34.1	0	0	281.96	18.8
T51 Lennox	750	1158	294.45	39.3	297.68	25.7	294.8	25.5	524.71	45.3	416.5	36	292.95	25.3
Cataraqi T2	250	415	41.01	16.4	52.78	12.7	42.6	10.3	58.15	14	39.63	9.5	74.66	18
Cataraqi T1	250	415	44.99	18	57.59	13.9	46.51	11.2	44.38	10.7	43.55	10.5	0	0

Table 14 Thermal Analysis Results for Scenario 3

Monitored Element	Cont. Rating (MVA)	LTR (MVA)	Pre-cont.		B5QK		B1S		P15C		Lennox T52		Cataraqui T1	
			MVA	(%) of cont. Rate	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR	MVA	(%) of LTR
Q6S from Amherst to Selby JCT	120.6	130.9	87.49	72.5	82.47	63	113.46	86.7	59.4	45.4	95.9	73.3	82.5	63
Q6S from Amherst to Cataraqui	120.6	157.5	16.39	13.6	12.53	8	40.76	25.9	16.08	10.2	24.13	15.3	10.36	6.6
B5QK at Cataraqui	165.6	218.8	50.12	30.3	0	0	39.62	18.1	41.6	19	55.63	25.4	46.75	21.4
B1S at Sidney	71.5	71.5	58.77	82.2	68.33	95.6	0	0	53.53	74.9	58.29	81.5	58.88	82.4
P4S at Sidney	153.35	200.37	38.29	25	40.15	20	23.11	11.5	20.95	10.5	41.89	20.9	36.09	18
P3S at Sidney	100.2	100.2	38.84	38.8	40.71	40.6	23.55	23.5	21.55	21.5	42.46	42.4	36.63	36.6
X1H at Lennox	403.9	533.5	85.83	21.2	90.42	16.9	86.38	16.2	41.72	7.8	113.92	21.4	0	0
X2H at Lennox	403.9	533.5	109.59	27.1	110.62	20.7	109.66	20.6	60.15	11.3	135.32	25.4	132.35	24.8
X3H at Lennox	403.9	533.5	66.33	16.4	70.83	13.3	67.16	12.6	50.14	9.4	93.42	17.5	105.72	19.8
X3H from Cataraqui to Kingston Solar	403.9	533.5	157.12	38.9	162.12	30.4	157.44	29.5	53.25	10	186.56	35	195.96	36.7
X4H at Lennox	403.9	533.5	81.57	20.2	82.2	15.4	81.91	15.4	70.86	13.3	98.37	18.4	99.12	18.6
T52 Lennox	926	1499	505.26	54.6	499.05	33.3	504.73	33.7	282.77	18.9	0	0	503.38	33.6
T51 Lennox	750	1158	518.51	69.1	512.16	44.2	517.96	44.7	293.88	25.4	888.23	76.7	516.6	44.6
Cataraqui T2	250	415	65.12	26	73.55	17.7	66.17	15.9	39.45	9.5	72.36	17.4	104.03	25.1
Cataraqui T1	250	415	50.73	20.3	58.88	14.2	52.01	12.5	43.14	10.4	57.37	13.8	0	0

Table 15 Sensitivity analysis results for Q6S line

Monitored Element	STE1 (MVA) wind speed = 4 km	STE2 (MVA) Wind speed = 15 km	No Chenaux Generation			4 Chenaux units in service			4 Barrett Chat units in service			1 Lennox unit out of service and 1 Barrett chat unit in service		
			MVA	(%) of STR1	(%) of STR2	MVA	(%) of STR1	(%) of STR2	MVA	(%) of STR1	(%) of STR2	MVA	(%) of STR1	(%) of STR2
Q6S from Amherst to Selby JCT	132.75	171.5	151.5	114	88.3	138.4	104.25	80.6	136.5	102.8	79.59	139.5	105	81
Q6S from Selby JCT to Milltown JCT	132.75	171.5	146.3	110.2	85.3	134.6	101.39	78.48	133.1	100.2	77.6	135.6	102	79
Q6S from Milltown JCT to Sidney TS	132.75	NA	142.8	107.57	NA	132.1	99.5	NA	130.9	98.6	NA	130.6	98	NA

6.6 Voltage Analysis

The *Ontario Resource and Transmission Assessment Criteria (ORTAC)* states that with all facilities in service pre-contingency, the following criteria shall be satisfied:

- The pre-contingency voltage on 230 kV buses must not be less than 220 kV and voltages on 115kV buses cannot be less than 113 kV;
- The post-contingency voltage on 230 kV buses must not be less than 207 kV and voltages on 115V buses cannot be less than 108 kV; and
- The voltage drop following a contingency must not exceed 10% pre-ULTC and 10% post-ULTC.

The voltage performance of the IESO-controlled grid was evaluated by examining if pre- and post-contingency voltages and post-contingency voltage declines remain within criteria at various facilities.

The voltage analysis assessment was carried out for Scenario 1 and 2 described in section 6.5 to determine the impact on system voltages following the loss of Q6S line which will drop the subject generator by configuration. Two cases were studied for each scenario: one case when the project absorbs maximum reactive power and the other case when the project injects maximum reactive power. The voltage performance results are shown in Table 16 and Table 17. Only the buses with voltage most affected by the proposed facility are provided.

The study results show that the incorporation of Amherst Island WF project has insignificant impact on system voltage performance. System voltages after the integration of Amherst Island WF project are within the criteria under both pre- and post-contingency conditions; and both declines of pre-ULTC and post-ULTC voltage values are within the criteria of 10%.

Table 16 Voltage Analysis Results for scenario 1

Monitored Buses	Pre-Cont. (kV)	Loss of Q6S (project absorb max Q)				Loss of Q6S (project inject max Q)			
		Pre-ULTC (kV)	% voltage change	Post-ULTC (kV)	% voltage change	Pre-ULTC (kV)	% voltage change	Post-ULTC (kV)	% voltage change
Cataraqui 115 kV	125.48	125.9	0.3	125.89	0	118.14	-1.2	118.16	-1
Sidney 115 kV	121.3	117.35	-3.3	118.2	-3	116.34	-3.2	117.37	-2
Barret Chute 115 kV	116.02	115.16	-0.7	115.31	-1	112.71	-1.3	112.93	-1
Frontenac 115 kV	123.38	123.8	0.3	123.8	0	115.8	-1.3	115.86	-1
Lennox 230 kV	249.22	249.21	0	249.19	0	249.24	-0.2	249.23	0
Hinchinbrooke 230 kV	246.06	246.17	0	246.12	0	246.28	-0.4	246.26	0

Table 17 Voltage Analysis Results for scenario 2

Monitored Buses	Pre-Cont. (kV)	Loss of Q6S (project absorb max Q)				Loss of Q6S (project inject max Q)			
		Pre-ULTC (kV)	% voltage change	Post-ULTC (kV)	% voltage change	Pre-ULTC (kV)	% voltage change	Post-ULTC (kV)	% voltage change
Cataraqui 115 kV	124.95	125.5	0.4	125.55	0.5	118.08	-1.2	118.16	-1.1
Sidney 115 kV	121.56	117.77	-3.1	118.68	-2.4	117.44	-2.8	118.37	-2
Barret Chute 115 kV	127.78	127.47	-0.2	127.54	-0.2	126.76	-0.4	126.84	-0.3
Frontenac 115 kV	122.88	123.45	0.5	123.51	0.5	115.81	-1.3	115.93	-1.2
Lennox 230 kV	247.48	247.64	0.1	247.74	0.1	247.89	-0.4	248	-0.3
Hinchinbrooke 230 kV	244.41	244.65	0.1	244.77	0.1	244.97	-0.5	245.11	-0.4

6.7 Transient Stability Performance

Transient stability simulations were performed to determine if the power system is transiently stable with the incorporation of Amherst Island WF project for recognized fault conditions.

Transient stability analyses were performed considering recognized faults in Lennox area. Six contingencies were simulated as shown in Table 18. The transient studies were carried out for Scenario 1 described in Section 6.4 assuming full active power output at the proposed Amherst Island WF.

The protection changes proposed in the PIA were part of the assumptions for this analysis.

Table 18: Simulated contingencies for transient stability

ID	Contingency	Location	Fault Type	Fault Clearing Time (ms)		Reclosure Time (s)
				Local	Remote	
SC1	X1H	Lennox	3-Phase	66	91	10
SC2	X1H+X2H	Lennox	LG	66	91	10
SC3	X1H	Cataraqui	3-Phase	116	66	10
SC4	B5QK	Cataraqui	3-Phase	116	466	1
SC5	B5QK	Cataraqui	LG+BF*	235	188-466	-
SC6	Collector bus	Amherst Island	3-Phase	Un-cleared		-

*Breaker failure of T2L5 at Cataraqui

Appendix A shows the transient responses of the active power and bus voltages. The transient responses show that the generators remain synchronized to the power system and the oscillations are sufficiently damped following all simulated contingencies. It can be concluded that, with Amherst Island WF on-line, none of the simulated contingencies caused transient instability or un-damped oscillations.

It can be also concluded that the protection adjustments proposed in the PIA report have no material adverse impact on the IESO-controlled grid in terms of transient stability.

6.8 Voltage Ride-Through Capability

The IESO requires that the wind turbine generators and associated equipment with the project be able to withstand transient voltages and remain connected to the IESO-controlled grid following a recognized contingency unless the generators are removed from service by configuration. This requirement is commonly referred to as the voltage ride-through (VRT) capability.

The SWT-2.3 VS WTGs to be installed will be equipped with the LVRT option as shown in Table 19.

Table 19: LVRT Capability

Voltage Range (% of base voltage) Base voltage =0.69 kV	Minimum time for WTGs to Remain Online (s)
V<15	0.85
15<V<40	1.6
40<V<70	2.6
70<V<85	11
85< V < 90	200

Since the proposed WTGs can withstand terminal voltage below 0.15 pu for 0.85 second, which is longer than the longest fault clearing time shown in Table 17, they are able to remain online following the recognized contingencies. Therefore, the fault ride through capabilities of the WTGs are adequate.

However, when the project is incorporated into the IESO-controlled grid, if actual operation shows that the WTGs trip for contingencies for which they are not removed by configuration, the IESO will require the voltage ride-through capability be enhanced by the applicant to prevent such tripping.

6.9 Relay Margin

The Market Manual 7.4 Appendix B.3.2 requires that following fault clearance or the loss of an element without a fault, the margin on all instantaneous and timed distance relays that affect the integrity of the IESO-controlled grid, including generator loss of excitation and out-of-step relaying at major generating stations, must be at least 20 and 10 percent, respectively.

Relay margin analysis was performed to determine if circuit Q6S will trip for out of zone faults due to the addition of Amherst Island WF for Scenario 1. The contingencies of 3-phase fault on B5QK and LG fault on B5QK with local breaker failure were simulated with the results shown in figures 17 and 18 in Appendix A.

The relay margin plots show that the impedance trajectory on circuit Q6S does not penetrate the relay characteristic and has a margin of greater than 20%, thereby meeting the Market Manual requirement.

It can be also concluded that the protection adjustments proposed in the PIA report have no material adverse impact on the IESO-controlled grid in terms of relay margin.

-End of Section-

Appendix A: Figures

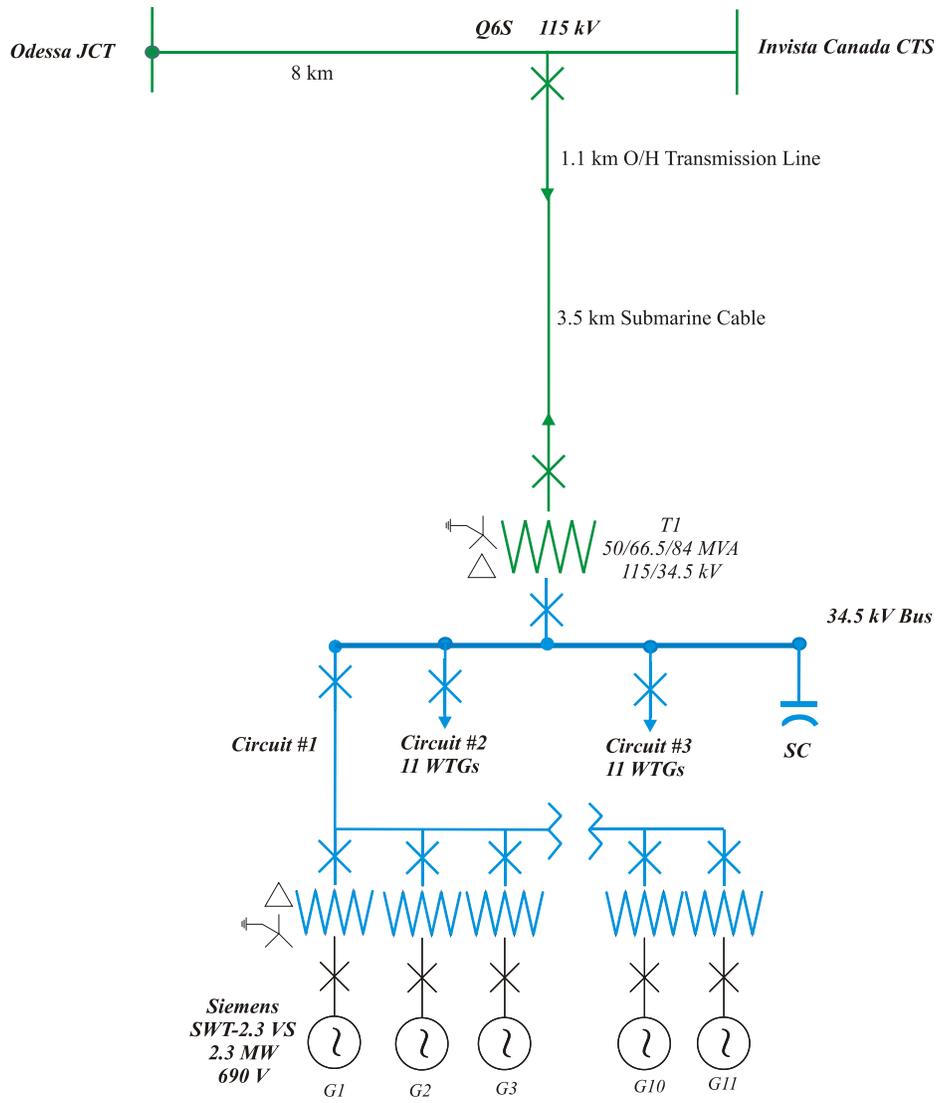


Figure 4: Single-line diagram of Amherst Island project

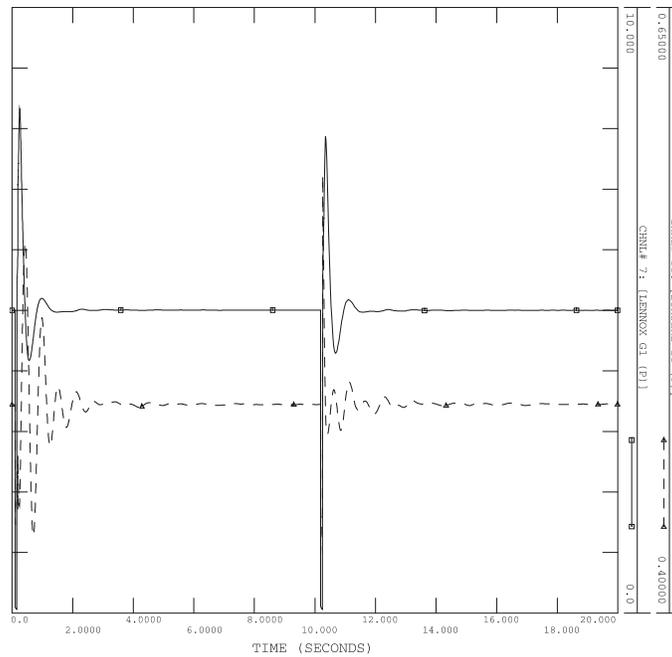


Figure 5: Major generator active power response due to a 3-phase fault on circuit X4H at Lennox (SC1)

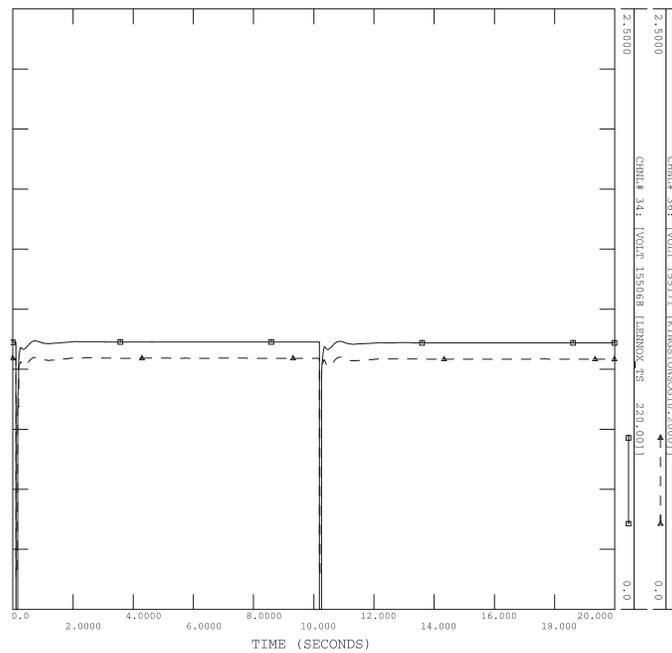


Figure 6: Voltage response due to a 3-phase fault on circuit X4H at Lennox (SC1)

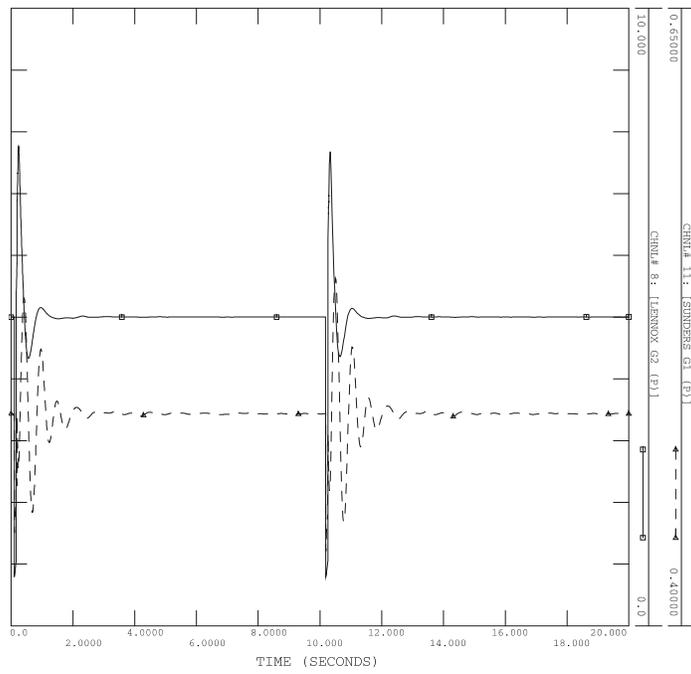


Figure 7: Major generator active power response due to a LG fault on circuit X1H/X2H at Lennox (SC2)

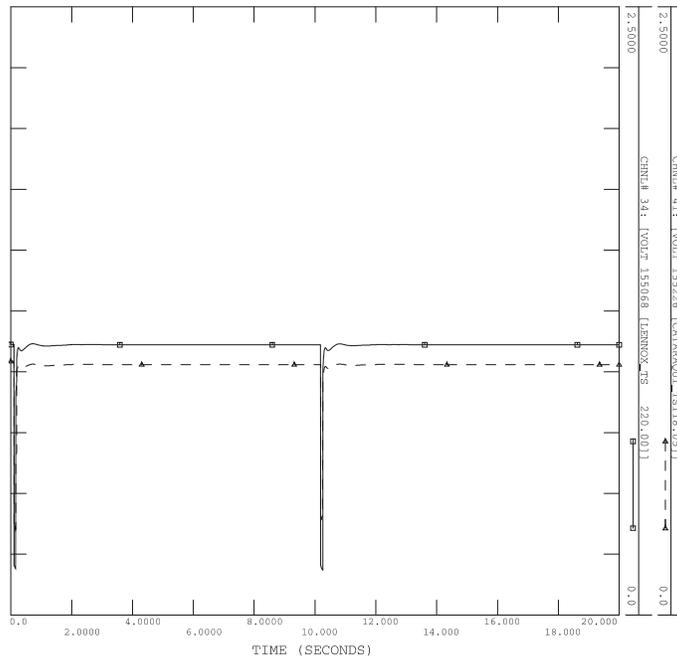


Figure 8: Voltage response due to a LG fault on circuit X1H/X2H at Lennox (SC2)

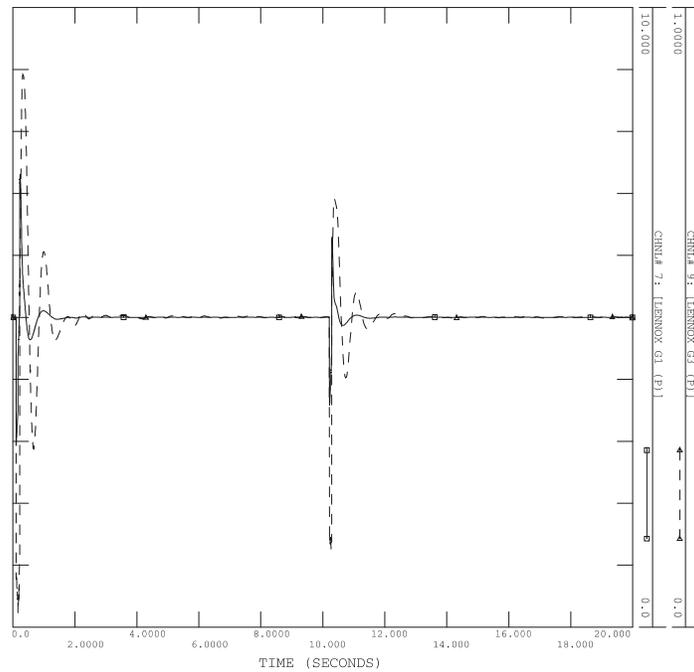


Figure 9: Major generator active power response due to a 3-phase fault on circuit X1H at Catarqui (SC3)

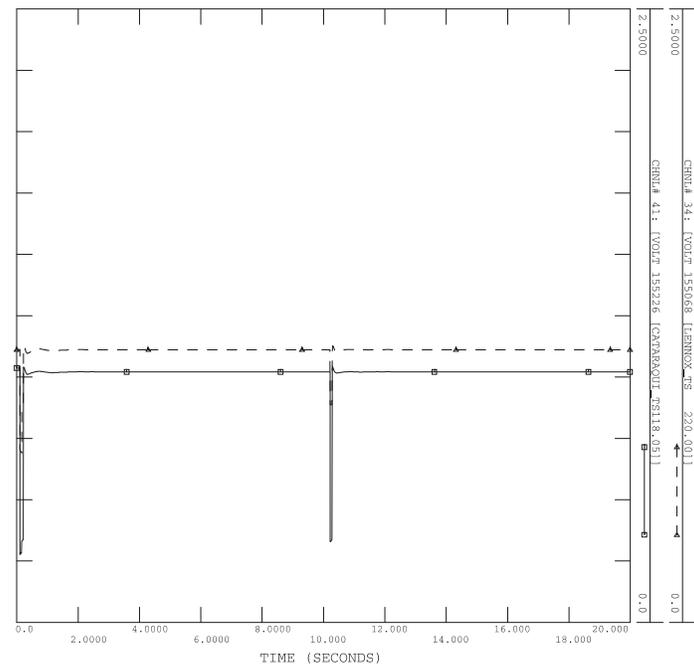


Figure 10: Voltage response due to a 3-phase fault on circuit X1H at Catarqui (SC3)

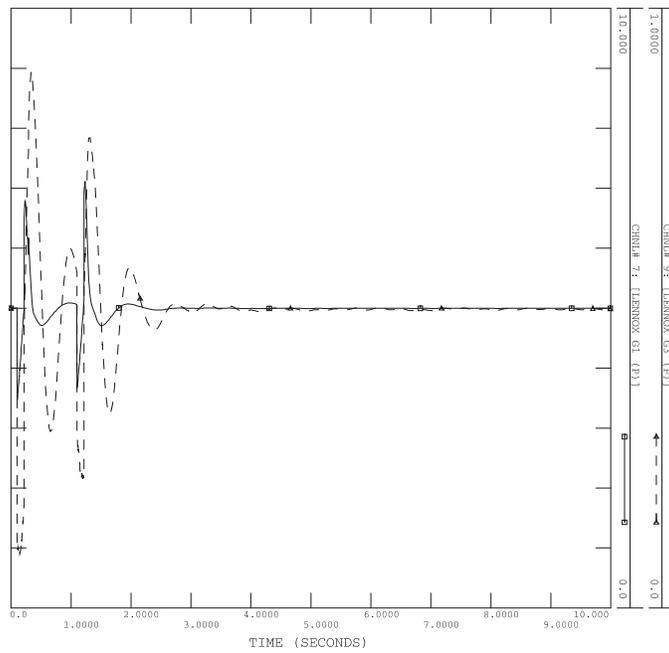


Figure 11: Major generator active power response due to a 3-phase fault on circuit B5QK at Cataraqi (SC4)

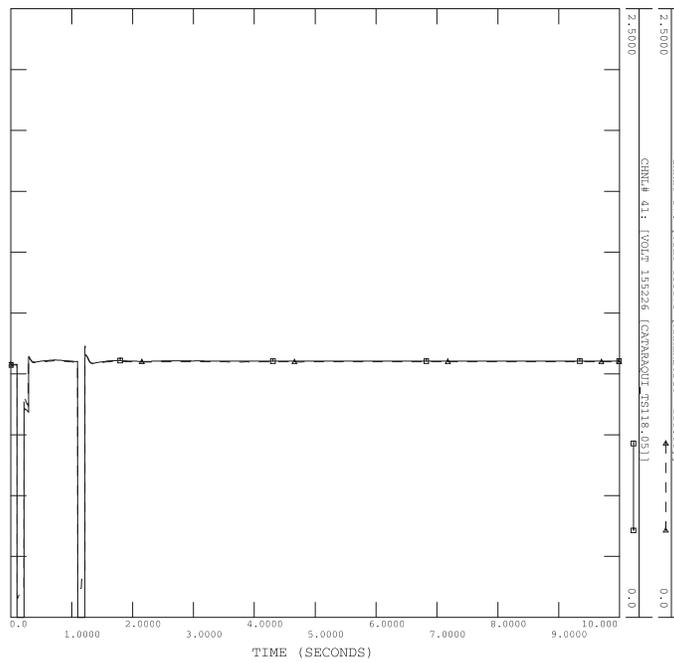


Figure 12: Voltage response due to a 3-phase fault on circuit B5QK at Cataraqi (SC4)

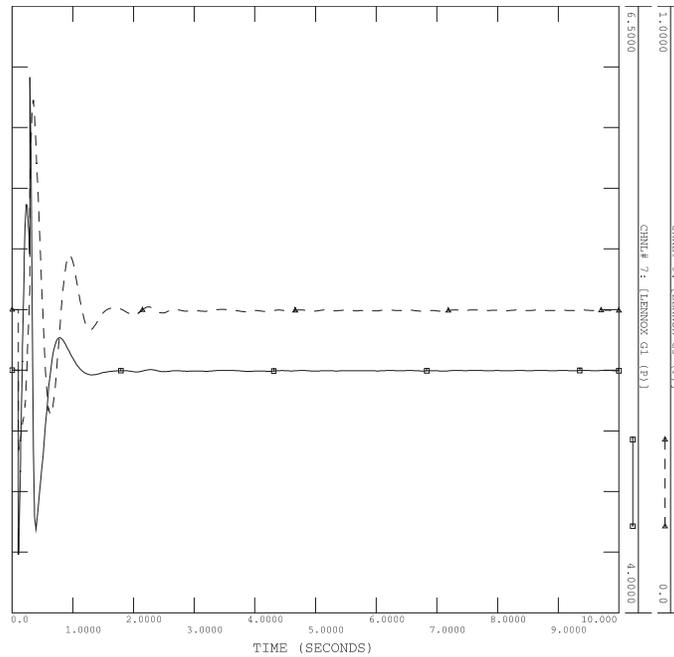


Figure 13: Major generator active power response due to a LG fault on circuit B5QK with breaker failure at Cataraqi (SC5)

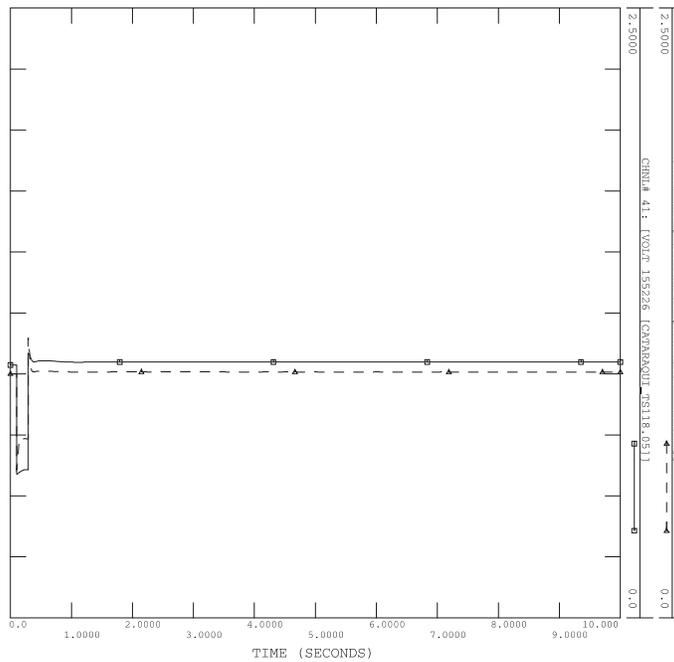


Figure 14: Voltage response due to a LG fault on on circuit B5QK with breaker failure at Cataraqi (SC5)

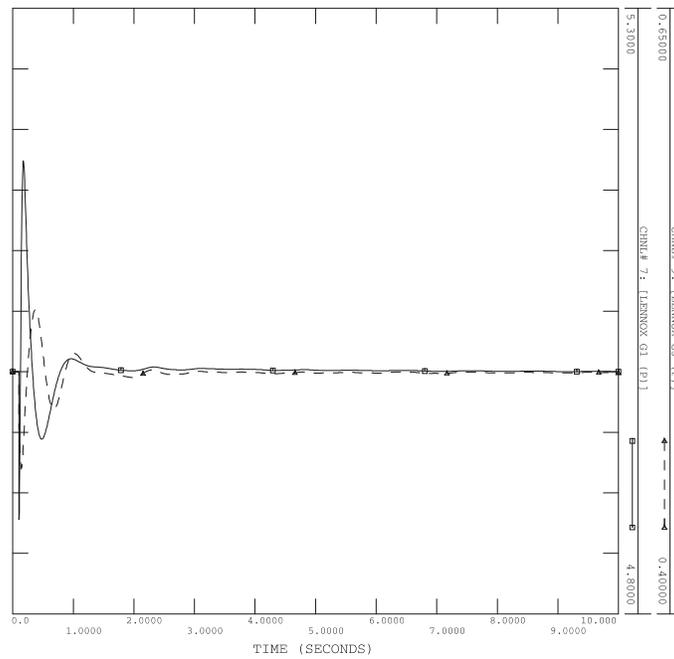


Figure 15: Major generator active power response due to a 3-phase fault on collector bus at Amherst (SC6)

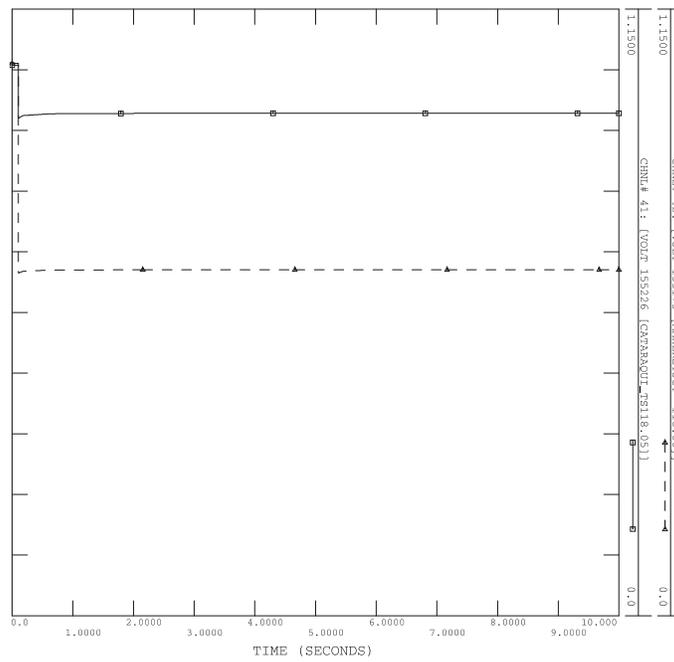


Figure 16: Voltage response due to a 3-phase fault on collector bus at Amherst (SC6)

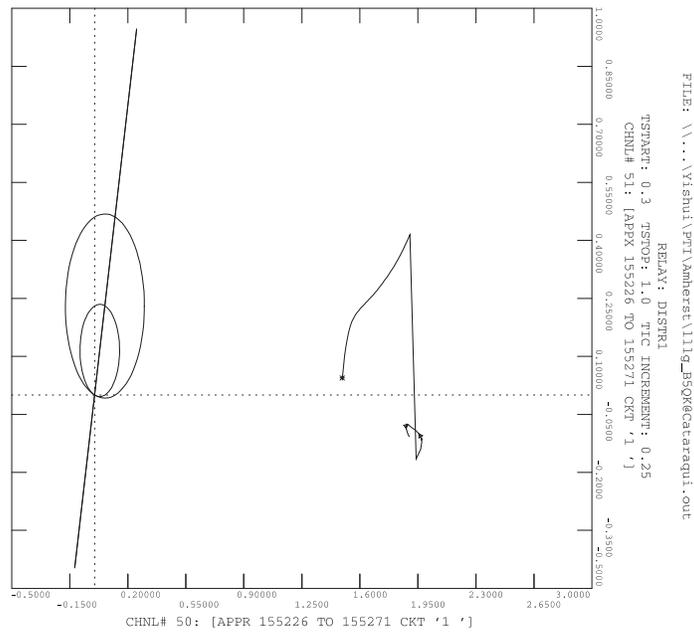


Figure 17: Impedance trajectory of Q6S at Cataraqui due to a 3-phase fault on circuit B5QK at Cataraqui

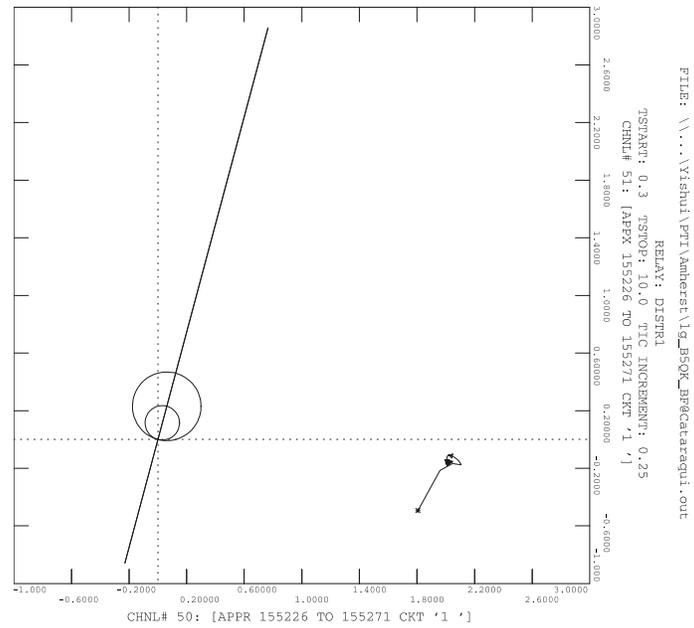


Figure 18: Impedance trajectory of Q6S at Cataraqui due to a LG fault on circuit B5QK with breaker failure at Cataraqui

Appendix B: PIA Report

Hydro One Networks Inc.
483 Bay Street
Toronto, Ontario
M5G 2P5



PROTECTION IMPACT ASSESSMENT
AMHERST ISLAND WIND FARM PROJECT
75 MW WIND FARM

Date: January 6, 2011
P&C Planning Group Project #: PCT-234-PIA

Prepared by

Hydro One Networks Inc.

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Disclaimer

This Protection Impact Assessment has been prepared solely for the IESO for the purpose of assisting the IESO in preparing the System Impact Assessment for the proposed connection of the proposed generation facility to the IESO-controlled grid. This report has not been prepared for any other purpose and should not be used or relied upon by any person, including the connection applicant, for any other purpose.

This Protection Impact Assessment was prepared based on information provided to the IESO and Hydro One by the connection applicant in the application to request a connection assessment at the time the assessment was carried out. It is intended to highlight significant impacts, if any, to affected transmission protections early in the project development process. The results of this Protection Impact Assessment are also subject to change to accommodate the requirements of the IESO and other regulatory or legal requirements. In addition, further issues or concerns may be identified by Hydro One during the detailed design phase that may require changes to equipment characteristics and/or configuration to ensure compliance with the Transmission System Code legal requirements, and any applicable reliability standards, or to accommodate any changes to the IESO-controlled grid that may have occurred in the meantime.

Hydro One shall not be liable to any third party, including the connection applicant, which uses the results of the Protection Impact Assessment under any circumstances, whether any of the said liability, loss or damages arises in contract, tort or otherwise.

Revision History

Revision	Date	Change
R0	January 6, 2011	First draft

EXECUTIVE SUMMARY

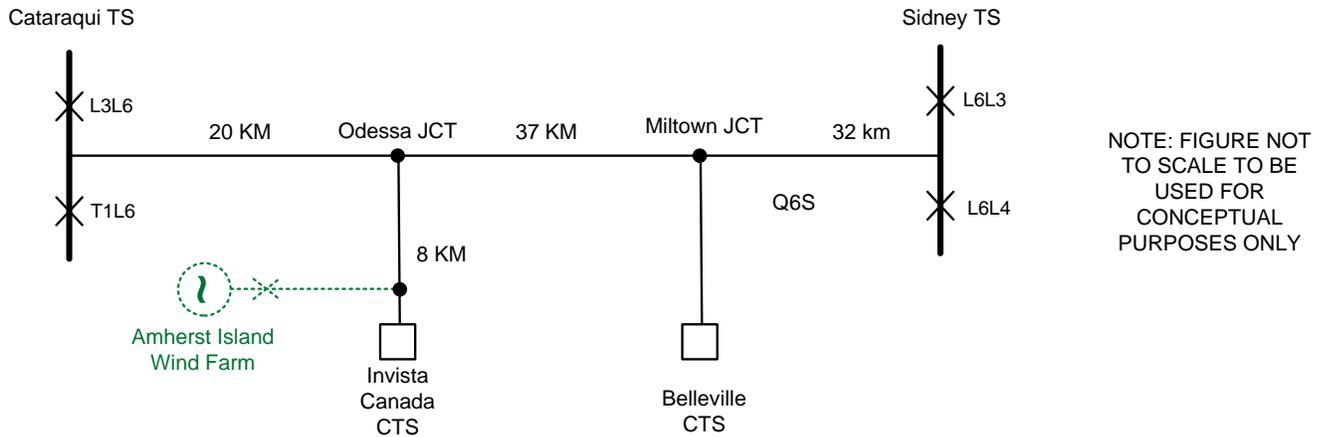


Figure 1: 75 MW Wind Farm Connection to HONI Transmission System

It is feasible for Amherst Island Wind Farm to connect) at the location shown in Figure 1 as long as the proposed changes are made:

PROTECTION HARDWARE

The relays at both Cataraqi TS and Sidney TS shall be upgraded to standard relays. Hardware addition may be required to accept blocking, GEO and breaker failure signals from the new Generation plant, as well as to transmit transfer trip to the customer.

PROTECTION SETTING

The existing Zone 1 reach at Cataraqi TS and Sidney TS will remain unaltered. The existing Zone 2 reach will be adjusted at Cataraqi TS to cover the maximum apparent impedance due to the connection of the new WF.

TELECOMMUNICATIONS

New telecommunication links shall be established to transmit protection signals to both terminal stations in order to achieve effective fault clearance. The provision of the new telecommunication facilities required to facilitate this generation connection is responsibility of the proponent, subject to final design considerations by Hydro One. Presently, there is no telecommunication between Sidney and Cataraqi.

The customer has two options to effect this requirement:

1. The customer shall establish a dual channel link (main and alternate) from their facility to Sidney and another dual channel link (main and alternate) to Cataraqi. Geographic channel diversity at each link is not mandatory. The links will be used for transfer trip, breaker failure and GEO signals.
2. The customer shall establish a dual channel link (main and alternate) from their facility to Cataraqi and another dual channel link (main and alternate) from Cataraqi to Sidney. Geographic channel diversity at each link is not required. The links will be used for

teleprotection and GEO signals. If this option is selected, the teleprotection scheme will be developed in detail at the design stage.

Performance of the telecommunication shall be compliant with the valid Transmission System Code. The system shall be constructed according to applicable IESO and Hydro One standards.

AMHERST ISLAND RESPONSIBILITIES

The customer shall provide a redundant distance protection scheme to cover faults on Q6S and shall be responsible to reliably disconnect their equipment for faults on the line in case of a single contingency in their equipment. The customer shall be able to transmit transfer trip, breaker failure, GEO and blocking signals. Conversely, the customer shall accept transfer trip signals from HONI terminal stations and initiate its protection breaker failure in the event of line protection operation, and/or terminal station breaker failure operation. In addition, the customer is responsible for establishing all new telecommunication links needed to transmit protection signals to both terminal stations as explained above.

OVERVIEW OF CUSTOMER IMPACT ASSESSMENT

1 Hydro One issued a Customer Impact Assessment (“CIA”) Final Report in respect of the
2 Generation Project and the Proposed Transmission Facilities on April 16, 2012. In the CIA Final
3 Report, Hydro One concludes that the proposed connection of the Generation Project, by means
4 of the Proposed Transmission Facilities, will not have any adverse impact on existing Hydro One
5 customers in the vicinity of the project. A copy of the CIA Final Report is provided in Exhibit
6 G, Tab 1, Schedule 2.

CUSTOMER IMPACT ASSESSMENT

- 1 A copy of the CIA Final Report, dated April 16, 2012, is provided in this Exhibit G, Tab 1,
- 2 Schedule 2. There have been no subsequent amendments.



Hydro One Networks Inc.
483 Bay Street
Toronto, Ontario
M5G 2P5

CUSTOMER IMPACT ASSESSMENT

**Amherst Island
75.9MW WIND FARM
GENERATION CONNECTION**

Revision: Final

Date: April 16, 2012

Issued by: System Investment Division
Hydro One Networks Inc.

Prepared by:

A handwritten signature in black ink, appearing to read "Quyen".

Quyen Diep
Assistant Network Officer
Transmission System Development
Hydro One Networks Inc.

Reviewed by:

A handwritten signature in black ink, appearing to read "Farooq".

Farooq Qureshy
Trans. Plans Manager – Central & Eastern
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Hydro One Networks Inc.

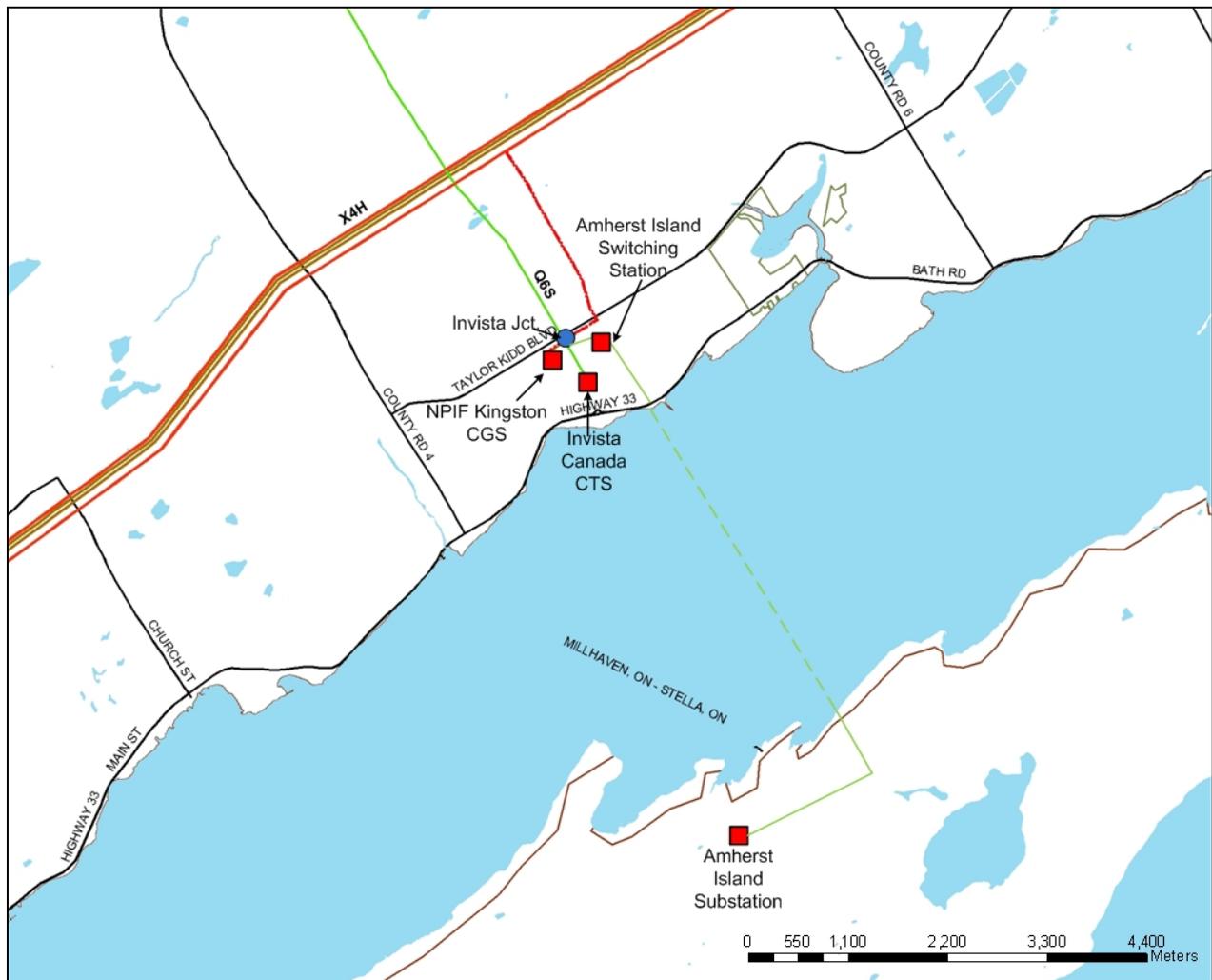
Disclaimer

This Customer Impact Assessment was prepared based on information available about the connection of the proposed Amherst Island Wind Farm. It is intended to highlight significant impacts, if any, to affected transmission customers early in the project development process and thus allow an opportunity for these parties to bring forward any concerns that they may have. Subsequent changes to the required modifications or the implementation plan may affect the impacts of the proposed connection identified in Customer Impact Assessment. The results of this Customer Impact Assessment are also subject to change to accommodate the requirements of the IESO and other regulatory or municipal authority requirements.

Hydro One shall not be liable to any third party which uses the results of the Customer Impact Assessment under any circumstances whatsoever for any indirect or consequential damages, loss of profit or revenues, business interruption losses, loss of contract or loss of goodwill, special damages, punitive or exemplary damages, whether any of the said liability, loss or damages arises in contract, tort or otherwise. Any liability that Hydro One may have to Windlectric Inc. in respect of the Customer Impact Assessment is governed by the Agreement between Windlectric Inc. and Hydro One dated 17 January 2012.

1.0 INTRODUCTION

Windlectric Inc. is to develop a 75.9MW wind farm on Amherst Island. The generating substation is to be connected to the 115kV circuit Q6S, near Invista Jct., through a 1.1 km 230kV overhead line and 3.5 km of submarine cable (refer to map below). The expected in-service date of the station is November, 2014.



Map 1. Approximate location of Amherst Island substation and connection to Hydro One's network.

This report presents the results of a Customer Impact Assessment completed by Hydro One to determine the impact of the new generators on existing customers connected to the transmission system.

This study does not evaluate the overall impact of Amherst Island on the bulk system. The impact of the new generator on the bulk system is the subject of the System Impact Assessment issued by the Independent Electricity System Operator (IESO).

The study does not evaluate the impact of Amherst Island on the network Protection and Control facilities. Protection and Control aspects will be reviewed during the preparation of the Connection cost Estimate and will be reflected in the Connection and Cost Recovery Agreement.

2.0 PROPOSED GENERATING STATION

The new plant is proposed for operation as a Wind Turbine Generator (WTG). It shall be connected to the 115 kV circuit Q6S, near Invista Jct. Figure 1 below illustrates the Hydro One transmission system and the new generator connection in the Lennox area.

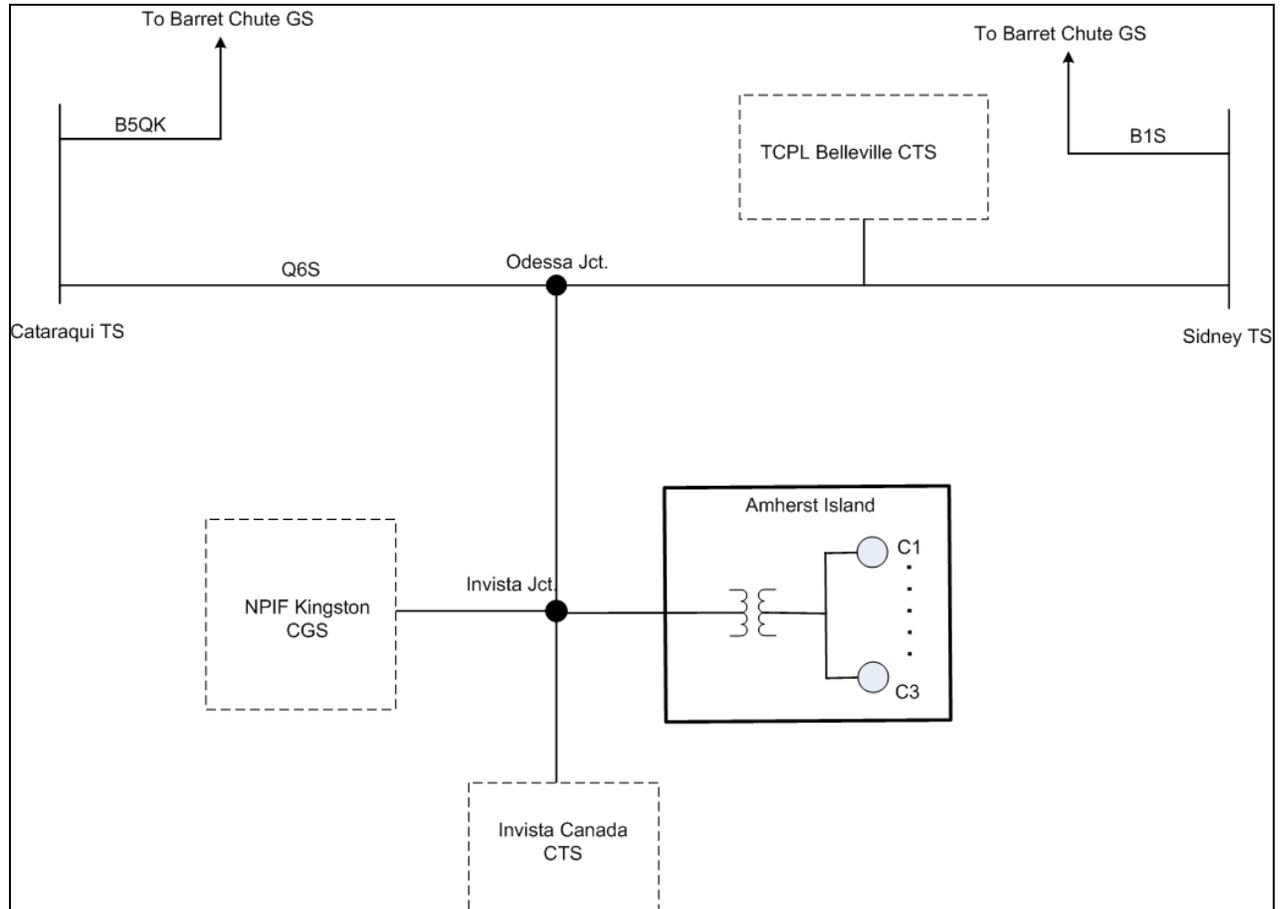


Figure 1: The Lennox Area and the proposed Amherst Island (Not Geographically Accurate)

2.1 WIND TURBINE GENERATOR

Amherst Island consists of 33 Siemens SWTVS4 wind turbines, connected to 3 collector stations in groups of 11 units. The 3 collector stations will each have an output of 25.3 MW, having a total 75.9MW of generation at the 34.5kV collector bus. Connected to the collector bus will be 8 MVAR of static compensation, as per IESO Report - CAA 2011-433¹. The collector stations are connected to a 34.5 kV/115 kV substation. The substation is connected to the Amherst Island switching station through a 4.6 KM line consisting of overhead line and submarine cable. The switching station is connected to Q6S through approximately 200 meters of 115kV overhead line. A single line diagram of the WTG is shown in Figure 2.

¹ CAA 2011-433 please see – IESO Status of Committed Generation Project Queue page http://www.ieso.ca/imoweb/connAssess/caa_StatusSummary-Committed-Generation.asp

2.2 CONNECTION TO Q6S

The point of connection for Amherst Island will be a new line tap to circuit Q6S near Invista Jct.. Amherst Island will have a switching station situated approximately 200 meters from Invista Jct. Connection to Q6S will be through a 115kV overhead line.

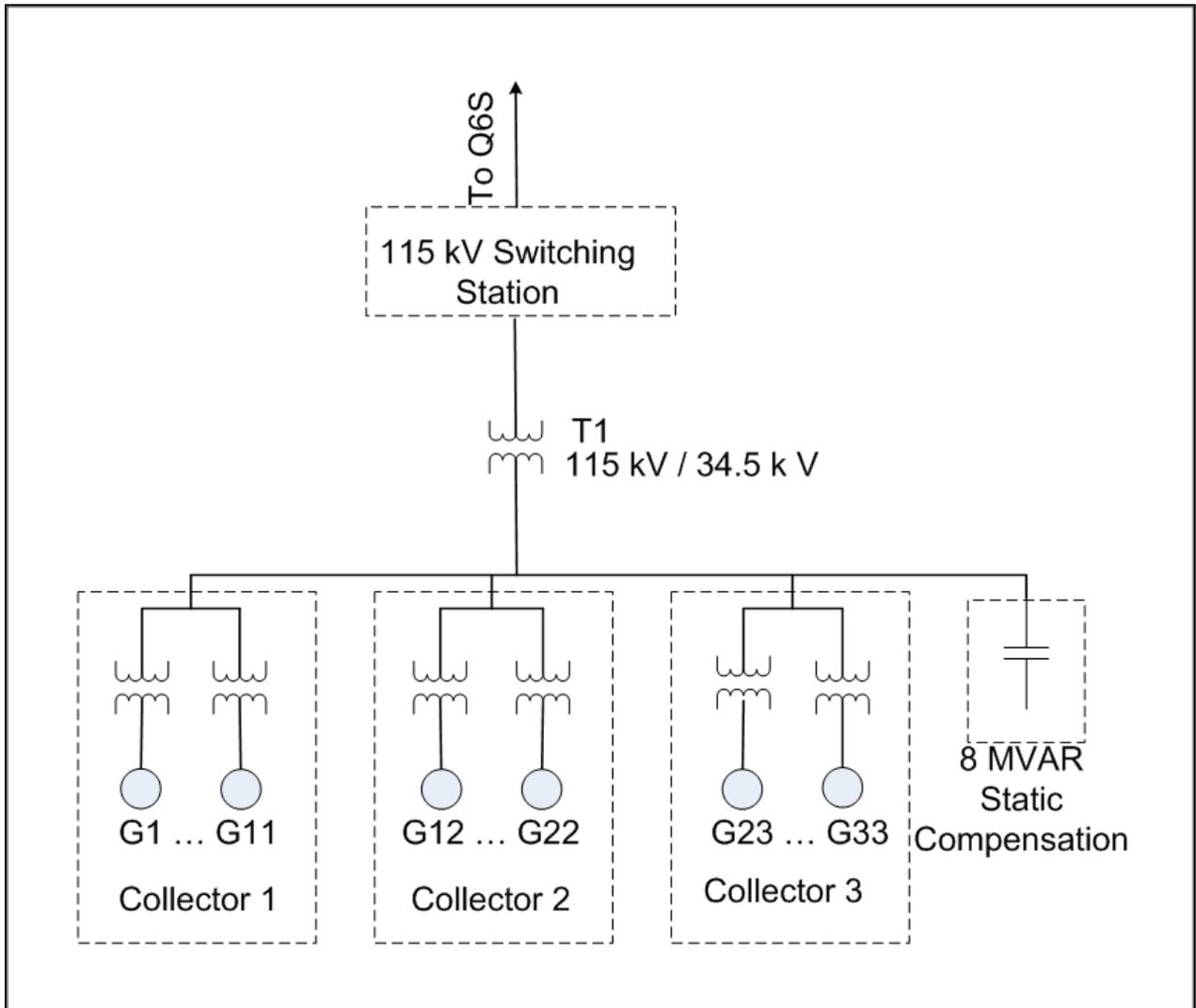


Figure 2: Detail single line diagram of Amherst Island

3.0 CUSTOMER IMPACT ASSESSMENT (CIA)

The Customer Impact Assessment (CIA) Study is a requirement of the Ontario Energy Board (OEB) to assess the potential impacts of the proposed Amherst Island on the existing transmission connected customer(s). The primary focus of this study is on customers supplied by stations located in the Lennox area. Table 1 summarizes the customers connected at each station. The projected load growth up to 2017 is shown in Table 2.

Table 1: Transmission Customers connected to the Lennox Area Circuits

Station/ Circuit	Customer
TCPL Belleville CTS	TransCanada Pipeline Ltd.
Invista Canada CTS	Invista Canada
Port Hope TS	Hydro One Network
Sidney TS	Hydro One Network
Q6S (Invista Jct)	NPIF Kingston Co-gen (Normally not connected)

Table 2: Load forecast for stations connected to Lennox area 115 kV circuits

Station	Actual Load (MW)	Forecasted Load (MW)						Average Annual Growth Rate (%)
	2011	2012	2013	2014	2015	2016	2017	
TCPL Belleville CTS	5.2	5.3	5.3	5.3	5.4	5.4	5.4	0.60
Port Hope TS	129.6	129.6	130.7	131.6	132.3	133.1	133.9	0.54
Sidney TS	73.1	73.2	73.9	74.5	75	75.5	76	0.65

Note: 2017 Loading will be use for this study

The following potential impacts at the connection points for the existing customers were conducted for this CIA:

- Supply Capacity
- Supply Reliability
- Voltage Performance
- Short-Circuit Analysis
- Preliminary Outage Impact Assessment

4.0 RESULTS OF CIA

The proposed Amherst Island will increase the supply available to the Lennox area. It is not expected to adversely impact the transmission customers in the area. The findings of this Customer Impact Assessment are summarized below. Please also refer to the IESO's system impact assessment on this project - IESO Report - CAA 2011-433.

4.1 SUPPLY CAPACITY/RELIABILITY

Load flow studies were carried out for the incorporation of Amherst Island. The generating station is connected to a circuit with enough capacity to allow the wind farm to deliver its full power. Loading on circuit Q6S was increased after Amherst Island going to service, but still within the circuits 15 minute Long Term Rating (LTR). Results are shown in Table A1 in Appendix 1.

4.2 VOLTAGE PERFORMANCE

The voltage performance was assessed for the conditions listed in Appendix A. Following a contingency and before the ULTC action, all the HV and LV buses were within the 10% voltage change allowed by the TSC. Following the ULTC response, the HV buses were within the 10 % voltage change allowed by the TSC, and all the LV buses were within the 5 % voltage change allowed. Results are shown in Table A2 in Appendix A1.

4.3 SHORT CIRCUIT STUDY

Short-circuit studies were carried out to assess the fault level (with Amherst Island in service) of the transmission stations in the Lennox 115 kV area. The short circuit results are summarized in Appendix B.

Table B1 show the fault levels at the stations in the Lennox area. The fault levels are then compared with the station equipment rating. All fault levels are within the limits specified in Appendix 2 of the *Transmission System Code* (TSC). The TSC limits are summarized below for reference:

<i>Nominal Voltage (kV)</i>	<i>Max. 3-Phase Fault (kA)</i>	<i>Max. SLG Fault (kA)</i>
230	63	80 ⁽¹⁾
115	50	50
44	20 ⁽²⁾	19 ⁽²⁾

Notes:

(1) – Usually limited to 63 kA

(2) – Effective September 1, 2010, Hydro One requires a 5 % margin on the acceptable TSC limits at voltage levels of <50kV to account for other sources of fault current on the distribution system such as unmodelled synchronous motors and data inaccuracies.

4.4 Preliminary Outage Impact assessment

With appropriate construction and outage planning, it is expected that the connection of Amherst Island can be performed with minimal supply impact to the existing transmission customers.

5.0 CONCLUSIONS AND RECOMMENDATIONS

This CIA study has reviewed the impact of the Amherst Island on the existing transmission customers connected to the Lennox area 115kV circuits. The new wind farm will provide up to 75.9MW of power in the Lennox 115 kV area and has no negative effect on the voltage in the area.

Fault levels at low voltage and high voltage buses are in accordance with the Transmission System Code Requirement.

All customers are required to check to ensure that the equipment and grounding system at their stations meet the expected increase in fault level.

APPENDIX A

Voltage And Flow Study

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This appendix summarizes the result of the impact of the proposed Amherst Island on the system voltage performance and thermal loading of circuits and equipments. The load flow studies were carried out using the 2012 system base case.

The assumptions used in this study are:

Ottawa Area Load:	1850 MW
Saunders GS generation:	800 MW
Quebec import:	1250 MW
Barret Chute GS generation:	150 MW
Lennox generation:	2000 MW
Stewartville GS generation:	140 MW

Distributed Generation Allocated in Lennox 115 kV area as of February 1, 2012 published “List of Application”:

Station	Bus	Total DG Connected (MW)
Port Hope TS DESN1	JQ	50.7
Port Hope TS DESN2	BY	12.4
Sidney TS	BQ	65.2

A light generation scenario of 30% generator capacity is used for this study

To assess the impact of the proposed generation, the following contingencies were considered.

- a) Loss of Amherst Island
- b) A single contingency loss of B1S
- c) A single contingency loss of B5QK
- d) A single contingency loss of W6CS
- e) A single contingency loss of C7BM

Thermal Loading

Loading on B1S, Q6CS, B5QK, Q3K, Harrowsmith TS T1, Harrowsmith TS T2, Hinchinbrooke DS T1, Sharbot DS T1, Mount Chute DS T1, Arnprior TS T1, Arnprior TS T2, Lodgeroom DS T1, Catarqui TS T1, Catarqui TS T2, TCPL Belleville T1 and TCPL Belleville T2 were assessed following a contingency as noted above. All loading on the circuits during contingencies were below 80% of their 15 minute Long Term Rating (LTR) rating except B1S, which is shown in table A1. All transformers in the area were below 80% of their 10 day LTR. Only worst case contingencies are shown.

Voltage Change

Voltage changes were studied for all the contingencies listed above. The worse case voltage deviations are in Table A2 below. Only buses with changes greater than 2% are shown.

Table A1: Circuit Loading in Lennox 115kV area

Without Amherst Island

Circuit	Rating (A)		Contingency	Loading	
	Cont.	LTR		Amps	% of LTR
Q6S	590	640	Base Case	326.4	51.0%
	590	640	B5QK	311.0	48.6%
	590	640	W6CS	321.3	50.2%
	590	640	C7BM	332.8	52.0%
B1S	350	350	Base Case	305.3	87.2%
	350	350	B5QK	337.8	96.5%
	350	350	W6CS	324.0	92.6%
	350	350	C7BM	288.3	82.4%

With Amherst Island

Circuit	Rating (A)		Contingency	Loading	
	Cont.	LTR		Amps	% of LTR
Q6S	590	640	Base Case	391.7	61.2%
	590	640	B5QK	378.2	59.1%
	590	640	W6CS	390.4	61.0%
	590	640	C7BM	396.8	62.0%
B1S	350	350	Base Case	289.7	82.8%
	350	350	B5QK	319.5	91.3%
	350	350	W6CS	310.7	88.8%
	350	350	C7BM	275.8	78.8%

Table A2. Bus voltage changes following a contingency.

Amherst Island In-service								
Station	Bus	Nom. Voltage (kV)	Contingency	Pre-CNT (kV)	Before ULTC (kV)	Change	After ULTC (kV)	Change
Frontenac TS	BY	44	B5QK	45.5	43.9	-3.5%	45.4	-0.2%
Frontenac TS	BY	44	B3K	45.5	44.4	-2.2%	45.9	0.9%
Invista Canada CTS	N/A	13.8	Amherst O/S	14.1	13.7	-2.2%	14.0	-0.7%
Amherst Island Out-of-service								
Frontenac TS	BY	44	B5QK	45.2	43.6	-3.6%	46.2	2.1%
Frontenac TS	BY	44	B3K	45.2	44.2	-2.3%	45.2	-0.1%

Note: Only cases where the voltage change is more than 2% are shown.

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APPENDIX B

Short Circuit Study

The short circuit levels at the customer’s interface point as well as the major buses in the Lennox 115 kV area are shown in Table B1. Table B1 also compares the short circuit level to the breaker ratings at those station buses.

The assumption of system conditions and facilities in-service used in this study is the same as IESO Report - CAA 2011 -433.

Note: This study only takes into account all the transmission connected FIT projects approved by OPA up to and including Amherst Island.

Table B1. Short Circuit Levels compared with Breaker Ratings

Station Name	kV	Breaker Timing (ms)	Amherst Island O/S				Amherst Island I/S				Circuit Breaker Lowest Ratings (kA)	
			Fault Type (kA)									
			3 Phase		Line-to-Ground		3 Phase		Line-to-Ground			
			Sym	Asym	Sym	Asym	Sym	Asym	Sym	Asym	Sym	Asym
Cataraqui	115	33	17.3	20.4	20.5	25.4	17.8	20.9	21.0	26.0	30.9	34.0
Sidney BQ	44	67	10.2	10.2	6.0	6.0	10.3	10.3	6.0	6.0	17.1	18.8
Sidney HV	115	50	6.0	6.0	6.3	6.3	6.1	6.1	6.4	6.4	6.2	6.8
TCPL Belleville	4.2	33	13.6	13.6	14.6	14.7	13.6	13.6	14.6	14.7	N/A	N/A
TCPL Belleville	115	33	4.4	4.5	3.0	3.0	4.6	4.6	3.1	3.1	N/A	N/A
Invista Canada	13.8	25	11.9	11.9	0.0	0.0	12.5	12.5	0.0	0.0	N/A	N/A
Invista Canada	115	33	4.9	5.0	3.6	3.7	5.7	5.9	5.7	6.1	N/A	N/A