

Hydro One Networks Inc.

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Oded Hubert

Vice President
Regulatory Affairs



BY COURIER

September 9, 2015

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

RP-1999-0057/EB-2002-0501 – Transmission System Code Exemption for Hydro One Networks Inc. regarding the shared use of breakers with Ontario Power Generation Inc.

On August 12, 2004, the Ontario Energy Board (the “Board”) issued a Decision and Order in the RP-1999-0057/EB-2002-0501 proceeding (attached as Appendix 1) in which the Transmission Licence of Hydro One Networks Inc. (“Hydro One”) was amended to, among other things, allow Hydro One and Ontario Power Generation Inc. (“OPG”) to enter into a modified form of connection agreement in relation to the shared use of certain high voltage (“HV”) circuit breakers.

As per the Decision and Order, Schedule 3, line 55, of Hydro One’s amended Transmission Licence (ET-2003-0035), which prescribes specific language for the modified form of connection agreement, reads:

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

In accordance with the requirement in the above excerpt to advise the Board of “the results of these discussions,” we are pleased to report that Hydro One and OPG have concluded that no additional breakers need to be installed by OPG for HV interruption or for synchronization to the transmission system, subject to the Cost Sharing Agreement (attached as Appendix 2) that has been negotiated between Hydro One and OPG.

Should the Board accept that the terms and conditions in the Cost Sharing Agreement are appropriate, Hydro One respectfully requests the Board to consider:

- amending Hydro One's Transmission Licence to remove all exemption provisions pertaining to this matter; and
- issuing an order to direct Hydro One and OPG to enter into a modified form of connection agreement that would give effect to the terms and conditions set out in the Cost Sharing Agreement.

Hydro One further notes that the Transmission System Code (the "Code") was amended on July 25, 2005, to include, among other things, a revised Schedule K in Appendix 1 of the Code containing provisions essentially identical to the shared use breaker provisions in the modified form of connection agreement mentioned above, with the exception that Schedule K contains no clause limiting its applicability to particular sites.

Given the broader scope of Schedule K, Hydro One wishes to take this opportunity to clarify that a cost sharing agreement will only be executed with a customer where the customer uses Hydro One's breakers for the purpose of synchronizing the customer's facilities to Hydro One's transmission system. Where the customer uses Hydro One's breakers solely as HV interruption devices, it is Hydro One's view, based on a generic study conducted by Hydro One, as required by Schedule K, that no cost sharing agreement is warranted, since the associated liability risk and cost impact are expected to be minimal.

Please do not hesitate to contact Philip Poon at (416) 345-5064 if there are any questions.

Sincerely,

ORIGINAL SIGNED BY IAN MALPASS FOR ODED HUBERT

Ian Malpass
for
Oded Hubert

attach

- c. Scott McLachlan, Hydro One
Graham Henderson, Hydro One
Andrew Barrett, OPG



RP-1999-0057

EB-2002-0501

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

AND IN THE MATTER OF a joint application by Hydro One Networks Inc., Ontario Power Generation Inc., and Bruce Power L.P. for an exemption from subsection 2.1.1 of the Transmission System Code.

BEFORE:

Paul Sommerville
Presiding Member

Art Birchenough
Member

DECISION AND ORDER

The Application

On November 12, 2002, a joint application was submitted to the Ontario Energy Board by Hydro One Networks Inc. (“Hydro One”), Ontario Power Generation Inc. (“OPG”), and Bruce Power L.P. (“Bruce Power”), under subsection 70(2)(d) of the Ontario Energy Board Act, 1998, S.O.1998, c.15 (Sched. B) for an exemption from subsection 2.1.1 of the Transmission System Code (“TSC”). That section of the TSC requires that transmitters and customers enter into a connection agreement in the form set out in Appendix 1 of the TSC. The Board will treat the application as a request to amend the licence of Hydro One under section 74 of the Act. The applicants further requested that the Board deal with this application without holding a hearing. The Board assigned file number RP-1999-0057 / EB-2002-0501 to the application.

At the time the application was filed, the TSC Review process, which included review of the connection agreement, was underway. The Board therefore decided that the appropriate time to consider the application was at the conclusion of Phase 1 of the TSC Review. On April 23, 2004, Hydro One, on behalf of the applicants, submitted a letter and attachments to the Board offering to

extend all relevant amendments proposed to the connection agreement to other generators who are directly connected to Hydro One's transmission system.

On May 26, 2004, the Board issued its Notice of Application and Written Hearing for the application, and Hydro One was directed to deliver a copy of this Notice to the same parties who received the Notice of Proceeding for the TSC Review. The Notice was also posted on the Board's website. On June 8, 2004, the Board issued its Policy Decision With Reasons for Phase 1 of the TSC Review and confirmed that participants could make submissions regarding the proposals contained in the application.

The Board did not receive any submissions on the application.

Board Findings

The Board agrees with the applicants that the proposed amendments to the connection agreement will better reflect both the historic circumstances and the current needs and obligations of the parties to the agreement. The proposed amendments included in Addendum 'A' of the application improve operating protocols and outage planning for the generating stations of the applicants. The proposed amendments in Addendum 'B' to the application are beneficial as they are consistent with the operational requirements of nuclear generating facilities, and facilitate compliance with Power Reactor Operating Licences. The applicants have indicated that the proposed amendments will have no impact on rates, and that if a material rate impact is anticipated, the applicants will bring the potential impact to the Board's attention.

The Board accepts the principles underpinning the proposed changes contained in Addenda 'A' and 'B' of the application. The Board will amend subsection 10.14.10 of Addendum 'B' by replacing the word "should" with the word "shall" in order to ensure compliance with the customer site security requirements.

The Board intends to review the changes proposed in Addendum 'A' for possible inclusion in the revised draft of the TSC. The applicants in this proceeding and the participants in the TSC Review will be provided an opportunity to make submissions on these changes prior to finalizing and issuing the revised Code. The Board intends to then issue a revised version of Hydro One's licence that reflects any changes to the connection agreement which is Appendix 1 of the TSC. The Board anticipates that the provisions of the amended Addendum 'B' will remain a part of the revised transmission licence of Hydro One Networks Inc.

THE BOARD THEREFORE ORDERS THAT:

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

2. The Electricity Transmission Licence of Hydro One Networks Inc. is amended to add a new Schedule 3, referenced in the application as Addendum 'A', and add a new Schedule 4, referenced in the application as Addendum 'B', as amended. Section 8.3 of the licence is amended to require the licensee to make offers of connection consistent with Schedules 3 and 4. Schedule 2 of the licence is amended to exempt the licensee from subsection 2.1.1 of the TSC. The amended licence is attached [\[12ZKZ-1:1\]](#) as Appendix A.

DATED at Toronto, August 12, 2004.

ONTARIO ENERGY BOARD

Signed on behalf of the Panel

Paul Sommerville
Presiding Member

**APPENDIX A TO
DECISION AND ORDER
BOARD FILE NO. RP-1999-0057/EB-2002-0501
DATED: August 12, 2004**

21

Appendix A from Board File No. RP-1999-0057/EB-2002-0501 is currently available in ERF
electronic format [[12ZKZ-1:1](#)].

22



Electricity Transmission Licence

ET-2003-0035

Hydro One Networks Inc.

Valid Until
December 2, 2023

Mark C. Garner
Secretary
Ontario Energy Board
Date of Issuance: December 3, 2003
Date of Amendment: August 11, 2004

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto, ON M4P 1E4

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4

1 Definitions

In this Licence:

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

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

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

“**Board**” means the Ontario Energy Board

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

“**Licensee**” means: Hydro One Networks Inc.;

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

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

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

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

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

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

2 Interpretation

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

3 Authorization

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

4 Obligation to Comply with Legislation, Regulations and Market Rules

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

4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

5.1 The Licensee shall at all times comply with the following Codes (collectively the “Codes”) approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 2 of this Licence. The following Codes apply to this Licence:

a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;

b) the Transmission System Code;

5.2 The Licensee shall:

- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and 27
- b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies. 28
- 6 Requirement to Enter into an Operating Agreement** 29
- 6.1 The Licensee shall enter into an agreement (“the Operating Agreement”) with the IMO providing for the direction by the IMO of the operation of the Licensee’s transmission system. Following a request made by the IMO, the Licensee and the IMO shall enter into an Operating Agreement within a period of 90 business days, unless extended with leave of the Board. The Operating Agreement shall be filed with the Board within ten (10) business days of its completion. 30
- 6.2 Where there is a dispute that can not be resolved between the parties with respect to any of the terms and conditions of the Operating Agreement, the IMO or the Licensee may apply to the Board to determine the matter. 31
- 7 Obligation to Provide Non-discriminatory Access** 32
- 7.1 The Licensee shall, upon the request of a consumer, generator, distributor or retailer, provide such consumer, generator, distributor or retailer, as the case may be, with access to the Licensee’s transmission system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence, the Transmission System Code and the Market Rules. 33
- 8 Obligation to Connect** 34
- 8.1 If a request is made for connection to the Licensee’s transmission system or for a change in the capacity of an existing connection the Licensee shall respond to the request within 30 business days. 35
- 8.2 The Licensee shall process connection requests in accordance with published connection procedures and participate with the customer in the IMO’s Customer Assessment and Approval process in accordance with the Market Rules, its Rate Order(s), and the Transmission System Code. 36
- 8.3 An offer of connection shall be consistent with the terms of this Licence, the Rate Order, the Market Rules and the Transmission System Code, and Schedules 3 [12ZL7-0:1] and 4 [12ZL8-0:1] of this Licence. 37
- 8.4 The terms of such offer to connect shall be fair and reasonable. 38

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| 8.5 | The Licensee shall not refuse to make an offer to connect unless it is permitted to do so by the Act or any Codes, standards or rules to which the Licensee is obligated to comply with as a condition of this licence. | 39 |
| 9 | Obligation to Maintain System Integrity | 40 |
| 9.1 | The Licensee shall maintain its transmission system to the standards established in the Transmission System Code and the Market Rules and have regard to any other recognized industry operating or planning standards required by the Board. | 41 |
| 10 | Transmission Rates and Charges | 42 |
| 10.1 | The Licensee shall not charge for the connection of customers or the transmission of electricity except in accordance with the Licensee's Rate Order(s) as approved by the Board and the Transmission System Code. | 43 |
| 11 | Separation of Business Activities | 44 |
| 11.1 | The Licensee shall keep financial records associated with transmitting electricity separate from its financial records associated with distributing electricity or other activities in accordance with the Accounting Procedures Handbook and as required by the Board. | 45 |
| 12 | Expansion of Transmission System | 46 |
| 12.1 | The Licensee shall not construct, expand or reinforce an electricity transmission system or make an interconnection except in accordance with the Act and regulations, the Transmission System Code and the Market Rules. | 47 |
| 12.2 | In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its transmission system in accordance with Market Rules and the Transmission System Code, in such a manner as the Board may determine. | 48 |
| 12.3 | The Licensee shall use its best efforts to expand inter-tie capacity to neighbouring jurisdictions by approximately 2000 MW by May 1, 2005. | 49 |
| 12.4 | Paragraph 12.3 in no way limits the obligation on the Licensee to obtain all necessary approvals including leave of the Board under Section 92 of the Act, where such leave is required. | 50 |
| 12.5 | The Licensee shall provide information to the Board as soon as practicable following May 1, 2005 or at an earlier date in order that the Board may determine whether or not, as of the end of such 36 | 51 |

month period, the Licensee has used its best efforts to expand inter-tie capacity to neighbouring jurisdictions by approximately 2000 MW.

| | | |
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| 13 | Provision of Information to the Board | 52 |
| 13.1 | The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time. | 53 |
| 13.2 | Without limiting the generality of condition 13.1 the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) business days past the date upon which such change occurs. | 54 |
| 14 | Restrictions on Provision of Information | 55 |
| 14.1 | The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator. | 56 |
| 14.2 | The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed: | 57 |
| | a) to comply with any legislative or regulatory requirements, including the conditions of this Licence; | 58 |
| | b) for billing, settlement or market operations purposes; | 59 |
| | c) for law enforcement purposes; or | 60 |
| | d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator. | 61 |
| 14.3 | Information regarding consumers, retailers, wholesalers or generators may be disclosed where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified. | 62 |
| 14.4 | The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent. | 63 |
| 14.5 | If the Licensee discloses information under this section, the Licensee shall ensure that the information is not used for any other purpose except the purpose for which it was disclosed. | 64 |

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| 15 | Term of Licence | 65 |
| 15.1 | This Licence shall take effect on December 3, 2003 and expire on December 2, 2023. The term of this Licence may be extended by the Board. | 66 |
| 16 | Fees and Assessments | 67 |
| 16.1 | The Licensee shall pay all fees charged and amounts assessed by the Board. | 68 |
| 17 | Communication | 69 |
| 17.1 | The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change. | 70 |
| 17.2 | All official communication relating to this Licence shall be in writing. | 71 |
| 17.3 | All written communication is to be regarded as having been given by the sender and received by the addressee: | 72 |
| | a) when delivered in person to the addressee by hand, by registered mail or by courier; | 73 |
| | b) ten (10) business days after the date of posting if the communication is sent by regular mail; and | 74 |
| | c) when received by facsimile transmission by the addressee, according to the sender's transmission report. | 75 |
| 18 | Copies of the Licence | 76 |
| 18.1 | The Licensee shall: | 77 |
| | a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and | 78 |
| | b) provide a copy of the Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies. | 79 |

SCHEDULE 1 DESCRIPTION OF THE TRANSMISSION SYSTEM

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This Schedule describes the transmission system owned by the Licensee.

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

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SCHEDULE 2 LIST OF CODE EXEMPTIONS

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

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The Licensee is exempted from subsection 2.1.1 of the Transmission System Code so as to allow the licensee to enter into a modified form of connection agreement with both Ontario Power Generation Inc. (“OPG”) and Bruce Power L.P. (“Bruce Power”).

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The modifications to the connection agreement are attached as Schedules 3 and 4 to this Licence. Schedule 3 contains changes needed to address legacy system configuration issues as well as operating concerns affecting all generating stations owned by OPG and Bruce Power. Schedule 4 contains changes needed to comply with the operational requirements of nuclear generating facilities, facilitate compliance with Power Reactor Operating Licences, issued by the Canadian Nuclear Safety Commission (“CNSC”).

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SCHEDULE 3
GENERATION RELATED CLAUSES SUPERSEDING THE CONNECTION
AGREEMENT AND SCHEDULES

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

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

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

Amendments to the Main Agreement

RECITAL

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

Replace by:

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

1. DEFINITIONS

1.14 “non-financial Default” means the following:

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

1.14.2 a licensed Party's ceasing to hold a licence; and 14

1.14.3 ...an Insolvency Event. 15

Replace by: 16

1.14 "non-financial Default" means the following: 17

1.14.1 any breach of a term or condition of the Code or the Connection Agreement other than a financial default unless the breach occurs as a direct result of an emergency; or 18

1.14.2 a licensed Party's ceasing to hold a licence; or 19

1.14.3 an Insolvency Event. 20

5. EQUIPMENT STANDARDS 21

5.1 The Transmitter and the Customer shall ensure that their respective new or altered equipment connected to the transmission system: (1) meets requirements of the Ontario Electrical Safety Authority; (2) conform to relevant industry standards including, but not limited to, CSA International, the Institute of Electrical and Electronic Engineers (IEEE), the American National Standards Association (ANSI), and the International Electrotechnical Commission (IEC); (3) conforms to good utility practices. 22

Replace by: 23

The Transmitter and the Customer shall ensure that their respective new or altered equipment connected to the transmission system: (1) meets requirements of the Ontario Electrical Safety Authority unless otherwise exempted; (2) conforms to relevant industry standards including, but not limited to, CSA International, the Institute of Electrical and Electronic Engineers (IEEE), the American National Standards Association (ANSI), and the International Electrotechnical Commission (IEC); (3) conforms to good utility practices. 24

5.2 The minimum general performance standards for all equipment connected to the transmission system are set out in Appendix 2 of the Code. The Transmitter shall provide the technical parameters to assist the Customer to ensure that the design of the Customer's equipment connected to the transmission system shall coordinate with the transmission system to achieve compliance with the Code and this Agreement. 25

Replace by: 26

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

6 OPERATIONAL STANDARDS AND REPORTING PROTOCOL

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

Replace by:

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

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

Replace by:

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

7.2 Involuntary Disconnection

7.2.1.6 if the Customer is a defaulting Party; or

Replace by:

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

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7.3 Disconnection-General

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

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Replace by:

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

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7.4 Reconnection After Involuntary Disconnection

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

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Replace by:

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

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8 LIABILITY

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

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a) if damage occurs to the Customer's main output transformer ("MOT") due to the negligence or willful misconduct of the Transmitter, the liability of the Transmitter to the Customer shall be for the lesser of (i) the cost to repair the MOT and (ii) the cost to replace the MOT; and

b) if damage occurs, due to the negligence or willful misconduct of the Transmitter, to the Customer's electrical equipment upstream of the MOT, but within the powerhouse, the liability of the Transmitter to the Customer shall be limited to 45% of the damage attributable to the said negligence or willful misconduct.

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

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

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

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

Include the above

9 REPRESENTATIONS AND WARRANTIES

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

Replace by:

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

10 REQUIREMENTS FOR OPERATIONS AND MAINTENANCE

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

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Replace by:

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

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

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Replace by:

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

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

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Replace by:

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

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

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Replace by:

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

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10.7.4 The Transmitter shall charge the Customer, and the Customer shall pay, the reasonable costs incurred by the Transmitter for isolating and reconnecting the Customer's equipment for any isolation and reconnection request in excess of one per year as specified in section 10.7.3 above. 76

Replace by: 77

The Transmitter shall charge the Customer, and the Customer shall pay, the reasonable costs incurred by the Transmitter for isolating and reconnecting the Customer's equipment for any isolation and reconnection request in excess of one time per generating unit per year, which can be aggregated across multi-unit stations as specified in section 10.7.3 above. 78

10.8.3 The Customer shall provide to the Transmitter the isolation and reconnection of the Transmitter's equipment at the Transmitter's request at no cost to the Transmitter, one time per generating unit per year, which can be aggregated across multi-unit stations, during normal business hours. The Transmitter shall pay the Customer's reasonable costs for isolating and reconnecting the Transmitter's equipment if the requested isolation and re-connection is for the time outside of normal business hours. 79

Include the above 80

10.8.4 The Customer shall charge the Transmitter, and the Transmitter shall pay, the reasonable cost incurred by the Customer for isolating and reconnecting the Transmitter's equipment for any isolation and reconnection request in excess of one time per generating unit per year, which can be aggregated across multi-unit stations as specified in section 10.8.3 above. 81

Include the above 82

10.13 Emergency Operations 83

Note that parts 10.13.3 to 10.13.8 do not apply to Generators. 84

Include the above 85

10.13.3 The Transmitter may be required from time to time to implement load shedding as outlined in this Agreement, Schedule D, section 7. 86

Exclude the above for Generators 87

10.13.4 The Customer shall identify the loads (and their controllable devices) to be included on the rotational load shedding schedules to achieve the required level of emergency preparedness. 88

Exclude the above for Generators

89

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

90

Exclude the above for Generators

91

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

92

Exclude the above for Generators

93

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

94

Exclude the above for Generators

95

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

96

Exclude the above for Generators

97

15 COMPLIANCE, INSPECTION, TESTING AND MONITORING

98

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

99

Replace by:

100

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

101

18 TECHNICAL REQUIREMENTS FOR TAPPED TRANSFORMER STATIONS SUPPLYING LOAD 102

The Transmitter, the Customer, who is either a Distributor or a Consumer, shall follow the technical requirements set out in Schedule H of this Agreement. 103

Replace by: 104

Not applicable to Generators 105

23 INCORPORATION OF SCHEDULES 106

Schedule “M” - Amendment Agreement Template 107

Include the above: 108

28 ENTIRE AGREEMENT 109

This Agreement, together with the schedules attached hereto, constitutes the entire agreement between the Parties and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the matters dealt with herein. 110

Replace by: 111

This Agreement, together with the Addendum and schedules attached hereto, constitutes the entire agreement between the Parties and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the matters dealt with herein. 112

Amendments to Schedules “D”, “F”, “G”, “H”, and “I” 113

Schedule “D” 114

Section 8 – Clause 1 115

1. A Customer shall re-verify its station protections and control systems that can impact on the Transmitter’s transmission system. The maximum verification or re-verification interval is: four (4) years for most of the 115 kV transmission system elements including transformer stations and transmission lines, and certain 230 kV transmission system elements; and two (2) years for all other high voltage elements. The maintenance cycle can be site specific. 116

Replace by:

117

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

118

Schedule “F”

119

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

120

Replace by:

121

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

122

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

123

Replace by:

124

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

125

- Where the connection inputs to the Transmitter's disturbance-monitoring equipment are of mutual benefit to the Customer and the Transmitter in which circumstance the Customer and Transmitter shall share the cost of providing the data in proportion to the benefits received; or

126

- Where the connection inputs to the Transmitter's disturbance-monitoring equipment are required only for the transmitter's benefit in which case the transmitter shall pay all of the costs associated with providing the data.

127

1.8.1 The Transmitter may at its sole discretion specify the maintenance criteria and the maximum time intervals between verification cycles for those parts of Customers' facilities that may materially adversely affect the transmission system. The obligations for maintenance and performance re-verification shall be stipulated in the appropriate schedule to this Agreement. 128

Replace by: 129

The Transmitter, using Good Utility Practice, may specify the maintenance criteria and the maximum time intervals between verification cycles for those parts of Customers' facilities that may materially adversely affect the transmission system. The obligations for maintenance and performance re-verification shall be stipulated in the appropriate schedule to this Agreement. 130

1.8.5 To ensure that the Transmitter's representative can witness the relevant tests, the Customer shall submit the proposed test procedures and a test schedule to the Transmitter not less than ten business days before it proposes to carry out the test. Following receipt of the request, the Transmitter may delay for technical reasons the testing for as long as ten business days. 131

Replace by: 132

To ensure that the Transmitter's representative can witness the relevant tests, the Customer shall submit the proposed test procedures and a test schedule to the Transmitter not less than ten business days before it proposes to carry out the test. Following receipt of the request, the Transmitter may delay for technical reasons the testing for as long as ten business days. The Transmitter will use best efforts to make the required test date. 133

Schedule "G" 134

1.5 Autoreclosure and Manual Energization 135

1.5.2 Following a protection operation on a transmission line, the transmission breakers, located mainly in network switching and/or transformation stations, shall reclose after a certain time delay. The Generator shall provide a reliable means of disconnecting its equipment before this reclosure. The Generator is responsible for protecting its own equipment and the Transmitter is not liable for damage to the Generator's equipment. The Generator may request a means of supervising the transmission reclosure prior to the disconnection of its equipment e.g. changes in protection logic at one or both stations to reduce the risk of such events. 136

Replace by: 137

Following a protection operation on a transmission line, the transmission breakers, located mainly in network switching and/or transformation stations, shall autoreclose after a certain time delay. Where the Generator is directly connected to the transmission line, or for configurations where the Generator could be damaged by autoreclosure of the line, the Generator shall provide a reliable 138

means of disconnecting its equipment before autoreclosure. The Generator is responsible for protecting its own equipment and the Transmitter is not liable for damage to the Generator's equipment except as stipulated in Section 8, Appendix 1 of this Code. The Generator may request a means of supervising the transmission autoreclosure prior to the disconnection of its equipment e.g. changes in protection logic at one or both stations to reduce the risk of such events. The criteria governing the use of reclosures are as set out in the Ontario Hydro "Policies, Principles, & Guidelines" document "C-3.4.1 (R1), Automatic Reclosure and Manual Energization on Bulk Electricity System Circuits," which was in effect as of April 1, 1999.

Schedule "H"

Technical Requirements for Tapped Transformer Stations Supplying Load:

(a) Transmitter's Tapped Transformer Stations

(b) Distributor's and Consumer's Tapped Transformer Stations

Exclude entire Schedule H

Schedule "I"

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

Replace by:

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

SCHEDULE 4
SPECIFIC NUCLEAR ARRANGEMENTS AND AREAS OF CLARIFICATION

Addendum Setting Out:

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

Contents

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

I Purpose

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

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

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

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

II.2 Good Utility Practice is not intended to be limited to optimum practices, or methods, or act to the exclusion of all others, but rather to include all practices, methods or acts generally accepted in North America including those in the nuclear sector as the Customer holds a PROL from the Canadian Nuclear Safety Commission ("CNSC") and the Transmitter is providing a Transmission Service and Off-Site Power service to the Customer.

II.3 The Transmitter agrees to operate and maintain its transmission assets including the switchyards at the Customer's Facility in a manner which will meet the requirements of the Customer's PROL as reflected in this Addendum.

II.4 This Agreement shall continue in effect until a mutually agreeable termination date not to exceed the date on which the PROL for the Customer's Facility is terminated, provided that;

II.4.1 the Customer has satisfied all CNSC requirements and commitments required to be satisfied in order to eliminate the need for a transmission connection to provide an Off-Site Power service under this Agreement, and

II.4.2 the Customer no longer holds any other nuclear related licence for the Customer's Facility which identifies a requirement for an Off Site-Power service.

II.5 The Customer agrees to make timely application to the CNSC for authorization to terminate this Agreement when circumstances warrant.

II.6 Notwithstanding all other provisions of the Transmission System Code, the Connection Agreement and this Addendum except for Subsection 10.13.1 of the Connection Agreement, the Transmitter shall not, under any circumstances disconnect the Customer's Off-Site Power service required to meet its obligations under its PROL, either during the term of this Agreement, or upon its termination unless such action is pursuant to a decision of applicable regulator authority(ies) or a court having jurisdiction or the mutual agreement of the Customer and the Transmitter.

II.7 To the extent practicable, in the event of an Emergency as identified in Subsection 10.13.1 of the Connection Agreement that requires disconnection of the Customer's Facility from the Transmission System, or the Customer's Facility from the Off-Site Power services, the Transmitter shall give the Customer reasonable opportunity to shut down in a controlled manner such parts of the Customer's Facility as deemed appropriate by the Customer before the Transmitter disconnects the Customer's Facility from the Transmission System.

- II.8 In the event of an unplanned outage of the conveyance of Off-Site Power, the Transmitter will use best efforts to promptly restore that service. 22
- II.9 The Customer shall pay the additional incremental costs of the transmitter arising from any regulatory requirement from the CNSC coming into force after the execution of this Agreement; 23
- II.9.1 Until such time as these costs can be recovered in rates or elsewhere and that the work giving rise to the costs has not been carried out for the benefit of other parties or as a requirement placed on the Transmitter from other sources; and 24
- II.9.2 No additional costs are attributable to the provision of the Transmission connection in support of the conveyance of Off-Site Power at historical reliability levels. 25
- II.10 Except as identified in the Connection Agreement Subsection 10.13.1 or applicable laws, the Transmitter shall take no action to prevent the Customer from utilizing the Off-Site Power. 26

III Specific Terms 27

The following provides changes, deletions and additions to specific clauses that form part of the amendments to the main Connection agreement Agreement and the Schedules thereto, as agreed to by the Parties. 28

Amendments to the Connection Agreement 29

Incorporation of Procedures and Manuals by Reference 30

Numbers appearing within square brackets “[]” incorporate by reference the procedures or manuals so designated in Schedule Q. 31

Include the above 32

1. DEFINITIONS 33

1.19 Abbreviations 34

ANO Authorized Nuclear Operator 35

BES Bulk Electricity System 36

GRMC Generation Resource Management Center 37

| | | |
|--------|---|----|
| NGS | Nuclear Generating Station | 38 |
| OATIS | Operating, Administrative and Trades Information System | 39 |
| OP&P'S | Operating Policies and Principles | 40 |
| OPEX | Operating Experience | 41 |
| P&SI | Process and System Implementation (Passport) | 42 |
| RTU | Remote Terminal Unit | 43 |
| SCR | Station Condition Record | 44 |
| SE | System Engineer | 45 |
| SLA | Service Level Agreement | 46 |
| SNO | Supervising Nuclear Operator | 47 |
| SPOC | Single Point of Contact | 48 |
| | Include the above | 49 |
| 1.20 | “Class IV Power” has the meaning ascribed thereto in part I of this Addendum B; | 50 |
| | Include the above | 51 |
| 1.21 | “CNSC” means the Canadian Nuclear Safety Commission, or its successor; | 52 |
| | Include the above | 53 |
| 1.22 | “Corrective Maintenance” Consists of actions that restore, by repair, overhaul, or replacement, the capability of a failed system, structure, or component to perform its design function within acceptable criteria; | 54 |
| | Include the above | 55 |

1.23 “Customer Facility” means the facilities defined in Schedule A of this Agreement; 56

Include the above 57

1.24 “Design Authority” means the organization within each Party which has the authority to make final binding decisions and give approval regarding design requirements, design assurance, and design output for existing, new, and modified facilities, structures, systems, Equipment, and components, including material and software; 58

Include the above 59

1.25 “Equipment Ownership” means that authority which has design authority, maintenance responsibility and replacement responsibility for any particular piece of Equipment; 60

Include the above 61

1.26 “Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good utility practice is not intended to be limited to optimum practices, or methods, or act to the exclusion of all others, but rather to include all practices, methods or acts generally accepted in North America. 62

As it relates to nuclear safety, Good Utility Practice also includes those practices, methods or acts generally accepted in North America relating to the conveyance of Off-Site Power as the Customer holds a PROL from the CNSC and the Transmitter is providing Transmission Service and conveying Off-Site Power service to the Customer; 63

Include the above 64

1.27 “Modification” means any permanent or temporary addition, deletion or change to existing Equipment, systems or documentation; 65

Include the above 66

1.28 “Off-Site Power” means the electricity delivered conveyed by the Transmitter to the Customer’s Facility, generally through the Customer’s system service transformers, which enables the Customer to meet its obligations under its Power Reactor Operating LicenseLicence for the provision of a reliable supply of Class IV Power; 67

Include the above

68

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

69

Include the above

70

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

71

Include the above

72

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

73

Include the above

74

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

75

Include the above

76

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

77

Include the above

78

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

79

Include the above

80

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

81

Include the above

82

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

83

Include the above

84

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

85

Include the above

86

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

87

Include the above

88

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

89

Include the above

90

2. PURPOSE OF AGREEMENT

91

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

92

Replace by:

93

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

94

95
The Power Reactor Operating Licence held by the Customer requires that the switchyards at Customer's Facility meet a certain standard of reliability as a whole and at the level of the individual components. It also requires that switchyard operating procedures and maintenance practices meet certain prescribed standards. The Transmitter agrees to operate and maintain its transmission assets including the switchyards at the Customer's Facility in a manner which will meet the requirements of the Customer's PROL as reflected in this Agreement.

96
3. TRANSMISSION SYSTEM CODE

97
The Transmission System Code (the "Code") and this Agreement establish minimum testing, operational and maintenance standards for the Transmitter and the Customer. The Parties hereto hereby agree to be bound by, and to act at all times in accordance with the Code which is hereby incorporated in its entirety by reference into, and which hereby forms part of this Agreement.

98
Replace by:

99
The Transmission System Code (the "Code") and this Agreement establish minimum testing, operational and maintenance standards for the Transmitter and the Customer. The Parties hereto hereby agree to be bound by, and to act at all times in accordance with the Code which is hereby incorporated in its entirety by reference into, and which hereby forms part of this Agreement except insofar as it is inconsistent with the terms of this Agreement. In any circumstance where there is an inconsistency between the terms of the Code and requirements of the Customer's PROL, the requirements of the PROL shall prevail.

100
5. EQUIPMENT STANDARDS

101
5.3 The Transmitter and the Customer shall fully cooperate to ensure that modelling data required by the Code and this Agreement for the planning, design and operations of connections are complete and accurate, and the Transmitter shall order required tests where there are grounds to question the validity of such data. This includes, but is not limited to, the Information in Appendix 1, Schedule E, Parts (A) to (E), where applicable.

102
Replace by:

103
5.3 The Transmitter and the Customer shall fully cooperate to ensure that modelling data required by the Code and this Agreement for the planning, design and operations of connections are complete and accurate, and the Transmitter shall order required tests where there are reasonable grounds to question the validity of such data. This includes, but is not limited to, the information in Appendix 1, Schedule E, Parts (A) to (E), where applicable. Any such tests must be conducted in a manner consistent with the Customer's obligations under its Power Reactor Operating Licence.

6. OPERATIONAL STANDARDS AND REPORTING PROTOCOL

104

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

105

Replace by:

106

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

107

7.2 Involuntary Disconnection

108

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

109

Replace by:

110

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

111

Customer's electricity output from entering the Transmitter's transmission facilities during the term of the Agreement in the following circumstances:

7.3 Disconnection - General 112

7.3.3 For the duration of the disconnection the Transmitter shall not be obliged to fulfill any agreement to convey electricity to or from the Customer's facilities. 113

Replace by: 114

7.3.3 For the duration of the disconnection, the Transmitter shall continue to provide the conveyance of Off-Site Power service to the Customer's Facilities. 115

8 LIABILITY 116

8.1 The Transmitter shall only be liable to the Customer and the Customer shall only be liable to the Transmitter for any damages which arise directly out of the willful misconduct or negligence: 117

8.1.1 of the Transmitter in providing Transmission Services to the Customer; 118

8.1.2 of the Customer during the period it is connected to the Transmitter's transmission facilities; or 119

8.1.3 of the Transmitter or Customer in meeting their respective obligations under this Agreement, the Transmission System Code, their licences and any other applicable law. 120

8.2 Despite section 8.1, above, neither the Transmitter nor the Customer shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise. 121

Replace by: 122

8 LIABILITY 123

8.1 Subject to sections 8.2A and 8.2B below, the Transmitter shall only be liable to the Customer, and the Customer shall only be liable to the Transmitter, and each Party shall indemnify the other, only for damages that arise directly out of the willful misconduct or negligence: 124

8.1.1 of the Transmitter in providing Transmission Services to the Customer; 125

- 8.1.2 of the Customer during the period that it is connected to the Transmitter's transmission facilities; or 126
- 8.1.3 of the Transmitter or Customer in meeting their respective obligations under this Agreement, the Transmission System Code, their licences and any other applicable law. 127
- 8.2A The Transmitter shall not be liable to the Customer for any damages or loss caused by the hazardous properties of nuclear material as defined under the Nuclear Liability Act, R.S.C. 1985, N-28, as amended. In the event that any such damages or loss occur wholly or partially as a result of an unlawful act or omission of an employee, agent, contractor or sub-contractor of the Transmitter, done with the intent to cause injury or damage, the Transmitter shall not be liable for any claims by the Customer's insurer, in accordance with the letter dated May 10, 2001, from the Customer's insurer appended to this Agreement as Schedule R. 128
- 8.2B Neither Party shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise. 129
- 10 REQUIREMENTS FOR OPERATIONS AND MAINTENANCE** 130
- 10.1.1 When the Transmitter's staff, its contractors, or agents work at the Customer's facilities or site, the Customer's safety and environmental requirements shall be observed by such staff, contractors and agents. 131
- Replace by:** 132
- 10.1.1 When the Transmitter's staff, its contractors, or agents work at the Customer's Facilities or site, the Customer's safety and environmental requirements and obligations under its PROL shall be observed by such staff, contractors and agents, to the extent that those requirements and obligations have been communicated to the Transmitter. 133
- The Customer shall provide appropriate site specific training, as required by the Customer, for staff, contractors and agents nominated by the Transmitter, to cover the work identified by the transmitter. The Transmitter's staff, its contractors and its agents will only be expected to be trained in and observe those requirements identified for the particular area in which they are to work and the nature of that work. 134
- 10.1.2 When the Transmitter can show the Customer, to the Customer's satisfaction, that the Transmitter's safety and environmental practices provide for an equivalent or better level of safety or environmental protection, the Customer shall give permission to work to the Transmitter's safety and environmental practices. As a minimum, all applicable statutes and regulations shall govern such work. 135

Exclude the above

136

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

137

Replace by:

138

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

139

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

140

Replace by:

141

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

142

10.11 Scheduling of Planned Work

143

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

144

Include the above

145

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

146

Replace by:

147

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

148

149
Notice requirements for planned work are contained in this Addendum under Schedule D “Outage Planning”.

150
10.11.3 At least four days in advance of planned work that requires feeder breaker to be opened or operated and at least ten days in advance of planned work that requires operations of multiple feeder breakers, station bus or a whole transformer station, the Customer’s Controlling Authority shall fax requests to the appropriate Transmitter contact identified in the operations schedule of this Agreement.

151
Replace by:

152
10.11.3 At least four days in advance of planned work by the Transmitter that requires a Transmitter’s feeder breaker to be opened or operated and at least ten days in advance of planned work by the Transmitter that requires operations of the Transmitter’s multiple feeder breakers, Transmitter’s station Bus or a Transmitter’s whole transformer station, the Customer’s Controlling Authority shall fax requests to the appropriate Transmitter contact identified in Part 1, Schedule D of this Agreement.

153
10.11.4.1 any disconnection from the Transmitter’s transmission facilities of less than 50 kV e.g. disconnection from a feeder breaker owned by the Transmitter or by the Customer,

154
Exclude the above

155
10.11.4.2 load changes greater than 5 MW, or

156
Exclude the above

157
10.11.5 The Transmitter’s Controlling Authority shall notify the Customer’s Controlling Authority at least four days in advance of any planned work that requires a feeder breaker to be opened or operated and at least ten days in advance of planned work that requires operations of multiple feeder breakers, station bus or a whole transformer station, that directly affects the Customer’s facilities, by contacting the appropriate Customer contact identified in the operations schedule to this Agreement.

158
Replace by:

159
10.11.5 The Transmitter’s Controlling Authority shall notify the Customer’s Controlling Authority at least ten days in advance of planned work that requires operations of a station bus, that directly affects the Customer’s facilities, by contacting the appropriate Customer contact identified in Part 1, Schedule D of this Agreement.

160
10.11.9 Details regarding outage planning particular to the Customer are in Schedule D, Part 1, Section 6.2 “Outage Planning”.

161
Include the above

162

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

163

Incremental costs incurred by the Transmitter in complying with this direction shall initially be paid by the Customer upon receipt of a bill outlining in reasonable detail the amount and breakdown of the incremental costs, and may later be shared between the Transmitter and the Customer by mutual agreement. In no circumstances will the Customer be billed under this section for regularly scheduled maintenance that was not performed by the Transmitter. Where the Customer and the Transmitter can not agree on the sharing of these costs, the matter shall be resolved through the Dispute Resolution process set out in Section 13 of this Agreement.

164

Include the above

165

10.14 Access and Security of Facilities

166

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

167

Replace by:

168

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

169

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

170

Include the above

10.14.11 The Controlling Authorities shall be notified upon entry and exit of personnel from the switchyard. The Transmitter and Customer will comply with each others procedures for accessing the switchyards: specifically the Transmitter's OATIS instruction [56], and the Customer's operating manual [18]. 171

Include the above 172

11 TERM AND TERMINATION OF CONNECTION AGREEMENTS 173

This Agreement shall continue in effect until a mutually agreeable termination date not to exceed the date on which the Customer's PROL for the Customer Facility is terminated, provided that; 174

- the Customer has satisfied all CNSC requirements and commitments required to be satisfied in order to eliminate the need for a transmission connection to provide an Off-Site Power service under this Agreement, and 175
- the Customer no longer holds any other nuclear related licence for the Customer's Facility which identifies a requirement for an Off Site-Power service. 176

or until such time the parties execute an agreement which provides for the conveyance of Off-Site Power in a manner which satisfies any license that the Customer is required to hold by the CNSC or other regulatory body. 177

Include the above 178

11.2 Termination by a Non-Defaulting Party 179

11.2.1 A non-defaulting Party may terminate the Agreement at any time during the term or any renewal thereof by giving the other Party six months' prior written notice setting out the termination date. Termination in the event of a default shall follow the procedures set out in section 12.4 of this Agreement. 180

Exclude the above 181

11.3 Right to Disconnect 182

11.3.1 If a non-defaulting Party gives notice to terminate the Agreement under section 12.2.1, the Transmitter shall disconnect the connection point on the termination date specified in that notice or on another date that the Parties have agreed upon in writing. 183

Exclude the above 184

11.4 Right to Remove Assets

185

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

186

Replace by:

187

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

188

12 EVENTS OF DEFAULT AND TERMINATION

189

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

190

Replace by:

191

12.4.1 A Non-defaulting Party may, without prejudice to other rights and remedies provided for in this Agreement with respect to an Event of Default, which has not been remedied within the periods set forth below, terminate this Agreement, provided that such termination under no circumstances permits the Transmitter to cease the conveyance of the Customer's Off-Site Power service required to meet its obligations under its Power Reactor Operating Licence, unless the Transmitter has the approval of the appropriate regulatory authority(ies) or a court of competent jurisdiction, it being the intent of the Parties that if the Customer is the Defaulting Party, the Transmitter can terminate the Agreement only insofar as it relates to the Transmitter's obligations to accept and transmit electricity generated by the Customer to the Market, by written notice to the Defaulting Party:

192

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

193

Replace by:

194

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

195

12.5.2 If either a Transmitter or a Customer chooses to terminate this Agreement pursuant to its rights under section 12.4, then upon termination the Agreement will, subject to section 12.5.3, be of no further force and effect. 196

Replace by: 197

12.5.2 If either a Transmitter or a Customer chooses to terminate this Agreement pursuant to its rights under section 12.4, then upon termination the Agreement will, subject to Subsection 12.5.3 and Subsection 12.4.1, be of no further force and effect. 198

12.6.1 If the Transmitter is the non-defaulting Party, the default has not been remedied and the cure period has expired, it may, on providing a written notice ten business days in advance, disconnect the connection point where the default remains unremedied at the end of the ten business days notice period. 199

Replace by: 200

12.6.1 If the Transmitter is the Non-defaulting Party, the default has not been remedied and the Cure Period has expired, it may, subject to Subsection 12.4.1, on providing a written notice ten business days in advance, disconnect the connection point where the default remains unremedied at the end of the ten business days notice period. 201

13 DISPUTE RESOLUTION 202

13.1 Exclusivity 203

13.1.1 Except where this Agreement states otherwise, the dispute resolution procedures set forth in this Agreement shall apply to all disputes arising between the Customer and the Transmitter regarding the Agreement and the Code and shall be the only means for resolving any such disputes. 204

Replace by: 205

13.1.1 Except where this Agreement states otherwise, the dispute resolution procedures set forth in this Agreement shall apply to all disputes, other than those relating to nuclear safety, arising between the Customer and the Transmitter regarding the Agreement and the Code and shall be the only means for resolving any such disputes. 206

13.2 Duty to Negotiate 207

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

208

Replace by:

209

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

210

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

211

Replace by:

212

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

213

13.3 Referral of Unresolved Disputes

214

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

215

Replace by:

216

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

217

15 COMPLIANCE, INSPECTION, TESTING AND MONITORING 218

15.1.7 The Transmitter has the right to specify by addendum to this Agreement, the types of changes that require prior approval of the Transmitter before the Customer implements such changes. Such changes, that require prior approval of the Transmitter, shall be set out in Schedule A of this Agreement, and shall be limited to those that can have material adverse effect(s) on the Transmitter's transmission facilities or facilities of its other Customers. 219

Replace by: 220

15.1.7 The Parties have the right to specify by addendum to this Agreement, the types of changes that require prior approval of the Transmitter before the Customer implements such changes or that require prior approval of the Customer before the Transmitter implements such changes. Such changes, that require prior approval of the Transmitter, shall be set out in Schedule A of this Agreement, and shall be limited to those that can have material adverse effect(s) on the Transmitter's transmission facilities or facilities of its other Customers. Such changes that require prior approval of the Customer shall also be set out in Schedule A, and shall be limited to those that, subject to Sections 6.3 and 6.8, materially affect the ability of the Customer to meet its obligations under its PROL. 221

23 INCORPORATION OF SCHEDULES 222

Schedule N - Switchyard Equipment Affecting Nuclear Safety 223

Schedule O - Reliability Indices Used in Nuclear Safety Analysis 224

Schedule P - Drawings 225

Schedule Q - References 226

Schedule R - Letter from the Nuclear Insurance Association of Canada 227

Include the above 228

28 ENTIRE AGREEMENT 229

This Agreement, together with the schedules attached hereto, constitute the entire agreement between the Parties and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the matters dealt with herein. 230

Replace by: 231

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

29 AMENDMENTS

29.1.8 Schedule M – Amendment Agreement Template

29.1.9 Schedule N – Switchyard Equipment Affecting Nuclear safety

29.1.10 Schedule O - Reliability Indices Used in Nuclear Safety Analysis

29.1.11 Schedule P – Drawings

29.1.12 Schedule Q – References

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

Include the above

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

Replace by:

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

Amendments to Schedules

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

248

Schedule C - Include the Following

249

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

250

Schedule F

251

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

252

Replace by:

253

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

THIS COST SHARING AGREEMENT is made this 28 day of December, 2014

BETWEEN:

HYDRO ONE NETWORKS INC.
 (“Hydro One” or the “Transmitter”)

OF THE FIRST PART

- and -

ONTARIO POWER GENERATION INC.
 (“Ontario Power Generation” or the “Customer”)

OF THE SECOND PART

(Individually, “Party”, or collectively, the “Parties”)

WHEREAS:

- A. Hydro One and Ontario Power Generation are parties to a Transmission Connection Agreement dated March 2, 2002, as amended, in respect of the connection of the Ontario Power Generation Pickering Nuclear Generating Station A (units 1-4) to Hydro One’s transmission system and another Transmission Connection Agreement dated March 2, 2002 in respect of the connection of the Ontario Power Generation Pickering Nuclear Generating Station B (units 5-8) (with each of the foregoing transmission connection agreements being referred to as an “**Existing Connection Agreement**”) wherein at both Stations, Ontario Power Generation uses certain diameter breakers owned by Hydro One as HV interruption devices and for the purposes of synchronizing Ontario Power Generation’s facilities to Hydro One’s transmission system in accordance with the terms and conditions of each respective Existing Connection Agreement; and
- B. Ontario Power Generation and Hydro One intend to execute new connection agreements in respect of the connection of the Ontario Power Generation Pickering Nuclear Generating Station A (units 1-4) to Hydro One’s transmission system and in respect of the connection of the Ontario Power Generation Pickering Nuclear Generating Station B (units 5-8) with each being in the form of the connection agreement appended to the Transmission System Code as Appendix 1, Version B, as amended as necessary to reflect the requirements of Schedules 2, 3 and 4 of the Transmission Licence and the principles of this Cost Sharing Agreement (with each of the foregoing transmission connection agreements being referred to as an “**Future Connection Agreement**”); and
- C. the Parties are entering into this Agreement to document the terms upon which the Parties have agreed with respect to Ontario Power Generation’s use of the Dual Use Assets, the contribution that Ontario Power Generation will make towards the operation and maintenance of the Dual Use Assets and the contribution that Ontario Power Generation will make towards the Recently Completed Dual Use Asset Replacement Work

NOW THEREFORE, for and in consideration of the mutual promises and of the agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which are irrevocably acknowledged, the parties hereto mutually agree as follows:

Part I -Definitions

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

“Agreement” means this Cost Sharing Agreement, its recitals and Schedules “A” and “B” attached hereto, as they may be amended from time to time by written agreement of the Parties.

“Applicable Law” means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or government agency, commission, board or court.

“Connection Agreement” means (i) the Existing Connection Agreement until such time as the Future Connection Agreement is executed by both Parties; and (ii) once it is executed, the Future Connection Agreement.

“Customer Facilities” has the meaning given to this term in the Transmission System Code and for greater certainty, means those Customer Facilities owned by Ontario Power Generation.

“Dual Use Assets” means those breakers listed in Schedule “A” attached hereto which are owned by Hydro One and used by, or related to the use of such breakers by, Ontario Power Generation as HV interruption devices and/or for the purposes of synchronizing the Customer’s Facilities to Hydro One’s transmission system in accordance with the terms and conditions of the Connection Agreement.

“Dual Use Assets Operating and Maintenance Costs” means Hydro One’s labour cost for operating and maintaining the Dual Use Assets at Hydro One’s standard rates plus Hydro One’s standard overheads and applicable Taxes subject to the following: where Hydro One, acting reasonably, has to have employees perform over-time in order to be able to properly and safely complete the operating and maintaining work it needs to do with respect to the Dual Use Assets, “Dual Use Assets Operating and Maintenance Cost” shall increase by the extra labour costs of Hydro One having its employees and contractors perform such work on an overtime basis.

“Emergency” has the meaning given to this term in the Transmission System Code.

“Existing Connection Agreement” has the meaning given to this term in Recital “A” above, including the amendments to it to be sought as set out in section 7 of this Agreement.

“Future Connection Agreement” has the meaning given to this term in Recital “B” above.

“Good Utility Practice” has the meaning given to this term in the Transmission System Code.

“IESO” means the Independent Electricity System Operator and its successors.

“**OEB**” means the Ontario Energy Board and its successors.

“**Recently Completed Dual Use Asset Replacement Work**” means the work performed by Hydro One on the following Dual Use Assets: T4L9, T4H: November 2011, T2K: November 2012, T3Q: March 2014 and to procure, install and make operational their respective replacements which are all Dual Use Assets under the terms of this Agreement.

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

“**Transmission Licence**” means the transmission licence issued to Hydro One by the Ontario Energy Board pursuant to Section 57 of the *Ontario Energy Board Act, 1998* (Ontario).

“**Transmission System Code**” means the code of standards and requirements originally issued by the OEB on July 14, 2000, as it may be amended, revised or replaced in whole or in part from time to time.

Part II -Representations, Warranties and Covenants

2. Each of Ontario Power Generation and Hydro One represents and warrants to the other, all of which representations and warranties shall survive the execution and delivery of this Agreement, that:

- (a) it has all requisite power, authority, licences and permits, corporate or otherwise, to execute and deliver this Agreement and perform all of its obligations hereunder and any other agreement or document to be delivered pursuant hereto;
- (b) it is duly incorporated, organized, validly existing and in good standing under the laws of its jurisdiction of incorporation; and
- (c) the execution, delivery and performance of this Agreement will not result in a breach or violation of, or constitute a default under its constating documents.

3. Hydro One represents, warrants and/or covenants to Ontario Power Generation, all of which representations, warranties and/or covenants shall survive the execution and delivery of this Agreement, that:

- (a) Hydro One will operate and maintain the Dual Use Assets in accordance with the terms of its Transmission Licence and the Connection Agreement;
- (b) Hydro One has good and valid title to the Dual Use Assets; and
- (c) Hydro One has obtained commercially reasonable warranty periods for the Dual Use Assets with the manufacturer and, if there is any failure of the Dual Use Assets during the applicable warranty period, Hydro One will diligently pursue any warranty remedies available to it and use those funds to repair or replace the

Dual Use Assets before seeking any further additional funds from Ontario Power Generation as Dual Use Assets Operating and Maintenance Costs.

4. Hydro One covenants and agrees that, throughout the term of this Agreement, Hydro One shall permit Ontario Power Generation to use the Dual Use Assets as HV interruption devices or for the purposes of synchronizing Ontario Power Generation's Customer's Facilities to Hydro One's transmission system in accordance with the terms and conditions of (i) Section 8.3 of the Existing Connection Agreement until such time as the Future Connection Agreement is executed by both Parties; and (ii) once it is executed by both parties, Schedule "K" of the Future Connection Agreement.

Part III - Term

5. The term of this Agreement shall begin on the date first written above and continue in full force and effect thereafter until this Agreement is terminated in accordance with its terms.

Part IV - Cost Sharing and Limitation of Liability Terms Associated with Use of Dual Use Assets

6. Ontario Power Generation hereby agrees to pay Hydro One:

- (a) On an annual basis, 50% of the Dual Use Assets Operating and Maintenance Costs, at an annual estimated cost of **\$220,000.00**; and
- (b) A one-time payment of **\$3,100,000.00** (plus 13% HST in the amount of **\$403,000.00**) representing 50% of Hydro One's engineering and construction cost for equipment, materials and labour related to the prior installation of the Recently Completed Dual Use Asset Replacement Work, as detailed in Schedule B; and
- (c) A one-time payment of **\$380,000.00** (plus 13% HST in the amount of **\$49,400.00**) representing 100% of the incremental costs related to the prior installation of the Recently Completed Dual Use Assets Replacement Work, as detailed in Schedule B.

Hydro One will invoice Ontario Power Generation for actual amounts payable under this section in respect of each preceding calendar year in arrears on or before February 28 of each following year with the exception of the one-time payments noted in items (b) and (c) above, which will be invoiced no later than December 9, 2014. 2014 shall be the first calendar year in respect of which Hydro One will invoice Ontario Power Generation under this Agreement for item (a) above.

Hydro One shall maintain complete, accurate and current records that clearly identify all Dual Use Assets Operating and Maintenance Costs. Hydro One shall allow Ontario Power Generation and/or its internal and external auditors the right of reasonable access, to inspect and take copies of such records for the purpose of auditing, inspecting,

reviewing and verifying any such costs. This paragraph shall survive the termination or expiration of this Agreement for a period of seven years.

7. Ontario Power Generation hereby acknowledges and agrees that it will provide written support, if required, for Hydro One's application to the Ontario Energy Board (the "OEB") to:

- (a) delete Section 8.3 of the Existing Connection Agreement and replace it with the following:

Where the Customer uses the Transmitter's breakers as HV interruption devices or for synchronizing the generator to the transmission system, the Transmitter shall only be liable to the Customer as follows:

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

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

- (b) delete each reference to "the negligence or" or "negligence or" from Sections K.1.2 to K.1.4 inclusive of Schedule K of the Future Connection Agreement;
- (c) obtain exemptions from the OEB in respect of Hydro One's transmission licence to the extent such exemptions give effect to the terms of this Agreement.

Part V - Terms and Conditions — Dual Use Asset Replacement Work

8. For certainty, the Parties agree that:

- a) the amounts payable by Ontario Power Generation under Subsection 6(b) of this Agreement will not include any amount payable under Subsection 6(c) or any amount to be included in the Dual Use Assets Operating and Maintenance Costs payable under Subsection 6(a); and
- b) the amount payable by Ontario Power Generation under Subsection 6(c) of this Agreement does not include any amount payable under Subsection 6(b) or any amount to be included in the Dual Use Assets Operating and Maintenance Costs payable under Subsection 6(a); and

- c) Dual Use Assets Operating and Maintenance Costs payable under Subsection 6(a) do not include any amounts payable by Ontario Power Generation under Subsections 6(b) or 6(c) of this Agreement.

9. Ontario Power Generation acknowledges and agrees that, except as otherwise specifically agreed by the Parties, in writing, and subject to: (i) Section 8.3 of the Existing Connection Agreement, as it may be amended until the Future Connection Agreement is executed by the Parties; and (ii) once it is executed by the Parties, Schedule K of the Future Connection Agreement, as it may be amended:

- (a) Hydro One is not responsible for the provision of electricity system components, other than Dual Use Assets, on the Customer's Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment; and
- (b) if any of the Customer Facilities needs to be modified or replaced, or if Ontario Power Generation requires additional Customer Facilities as a consequence of the prior installation of the Dual Use Asset, Ontario Power Generation shall be responsible for installing same at its sole expense.

Part VI - No Ownership Interest in Dual Use Assets

10. Nothing contained in this Agreement shall be construed as to give Ontario Power Generation any ownership rights with respect to the Dual Use Assets or any ownership rights or any interest in any formulas, patents, devices, inventions or processes, copyrights, patents, other intellectual or proprietary rights, or similar items of property which are or may be used in connection with the Dual Use Assets. However, with respect to all Dual Use Assets, Hydro One shall promptly deliver to Ontario Power Generation copies of all drawings, diagrams, schematics, specifications, instructions, manuals and other written material, whether in paper or electronic form, within Hydro One's possession or control that are reasonably necessary or desirable for Ontario Power Generation to exercise its rights under this Agreement ("**Written Materials**"), and Hydro One hereby grants Ontario Power Generation a royalty-free, irrevocable, sublicenseable, transferable right and licence to use and copy such Written Materials, but only for the purpose of exercising its rights under this Agreement and for so long as Ontario Power Generation is entitled to make use of the Dual Use Assets.

Part VII -- Events of Default and Remedies for Event of Default

11. Each of the following events or conditions shall constitute an "Event of Default" by Ontario Power Generation:

- (a) any representation or warranty furnished by Ontario Power Generation in this Agreement shall prove to have been false in any material respect when made;
- (b) any failure by Ontario Power Generation to pay any invoice rendered by Hydro One as and when required under the terms of the Agreement and the continuation

of such failure for a period of more than thirty (30) days after written notice to Ontario Power Generation that such payment is overdue (the “**Overdue Period**”);

- (c) any failure by Ontario Power Generation to perform any other material term, condition, covenant or warranty required to be performed by it under this Agreement, and the continuation of such failure for a period of more than thirty (30) days after written notice to Ontario Power Generation of such failure;
- (d) if any third party takes any of the following actions in respect of Ontario Power Generation: makes any application under the *Companies’ Creditors Arrangement Act* or similar legislation; files a proposal or notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* (Canada) or similar legislation; institutes a winding-up proceeding under the *Winding-up and Restructuring Act* (Canada), any relevant incorporating statute or similar legislation; or files, institutes or commences any other proceeding seeking the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian or liquidator or other like official for any material part of Ontario Power Generation’s assets, unless in relation to each of the above referenced events such proceedings are discharged within thirty (30) days after the date of the applicable filing; or
- (e) Ontario Power Generation voluntarily institutes proceedings for substantive relief in any bankruptcy, insolvency, debt restructuring, reorganization, winding-up or similar proceeding; makes an assignment for the benefit of creditors; or is unable or admits in writing its inability to pay its debts as they become due or otherwise acknowledges its insolvency or commits any other act of bankruptcy; or voluntarily suspends the conduct of its business or operations.

12. Each of the following events or conditions shall constitute an “Event of Default” by Hydro One:

- (a) any representation or warranty furnished by Hydro One in this Agreement shall prove to have been false in any material respect when made;
- (b) any failure by Hydro One to perform any material term, condition, covenant or warranty required to be performed by it under this Agreement, and the continuation of such failure for a period of more than thirty (30) days after written notice to Hydro One of such failure;
- (c) if any third party takes any of the following actions in respect of Hydro One: makes any application under the *Companies’ Creditors Arrangement Act* or similar legislation; files a proposal or notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* (Canada) or similar legislation; institutes a winding-up proceeding under the *Winding-up and Restructuring Act* (Canada), any relevant incorporating statute or similar legislation; or files, institutes or commences any other proceeding seeking the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian or

liquidator or other like official for any material part of its assets, unless in relation to each of the above referenced events such proceedings are discharged within thirty (30) days after the date of the applicable filing; or

- (d) Hydro One voluntarily institutes proceedings for substantive relief in any bankruptcy, insolvency, debt restructuring, reorganization, winding-up or similar proceeding; makes an assignment for the benefit of creditors; or is unable or admits in writing its inability to pay its debts as they become due or otherwise acknowledges its insolvency or commits any other act of bankruptcy.

13. In the Event of Default by Ontario Power Generation (other than the Event of Default specified in Subsections 11(d) or (e) of the Agreement, for which no notice is required to be given by Hydro One), Hydro One shall give Ontario Power Generation written notice of the Event of Default and allow Ontario Power Generation 30 days from the date of receipt of the notice to rectify the Event of Default, at the Ontario Power Generation's sole expense. If such Event of Default is not cured to Hydro One's reasonable satisfaction within the 30-day period, Hydro One may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to Hydro One under the terms of the Agreement, at common law or in equity: terminate this Agreement in accordance with Section 19 and, after giving Ontario Power Generation at least 10 days' prior written notice thereof, recover, as liquidated damages and not as a penalty, the amounts payable by Ontario Power Generation under the terms of this Agreement.

14. In the Event of Default by Hydro One (other than the Event of Default specified in Subsections 12(c) or (d) of the Agreement, for which no notice is required to be given by Ontario Power Generation), Ontario Power Generation shall give Hydro One written notice of the Event of Default and shall allow Hydro One 30 days from the date of receipt of the notice to rectify the Event of Default at Hydro One's sole expense. If such Event of Default is not cured to Ontario Power Generation's reasonable satisfaction within the 30-day period, Ontario Power Generation may pursue any remedies available to it at law or in equity, which may include, at Ontario Power Generation's discretion, immediate termination of this Agreement under Section 19.

15. All rights and remedies of Hydro One and Ontario Power Generation provided herein are not intended to be exclusive but rather are cumulative and are in addition to any other right or remedy otherwise available to Hydro One and Ontario Power Generation respectively at law or in equity, and any one or more of Hydro One's and Ontario Power Generation's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy Hydro One or Ontario Power Generation may have or may have exercised. The Parties further agree that where any of the remedies provided for and elected by the non-defaulting Party are found to be unenforceable, the non-defaulting Party shall not be precluded from exercising any other right or remedy available to it at law or in equity.

Part VIII - Ontario Energy Board:

16. Ontario Power Generation and Hydro One agree that Hydro One will inform the OEB the execution of this signed agreement between Hydro One and Ontario Power Generation, that this cost sharing agreement is in place between the parties.

Part IX -Invoices:

17. All amounts payable by Ontario Power Generation to Hydro One under this Agreement shall be paid in accordance with the invoices properly rendered by Hydro One in accordance with this Agreement. Each invoice shall clearly show Hydro One's HST registration number. Invoiced amounts are due 90 days after invoice issuance. All overdue amounts under this shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid after they are due. This obligation shall survive the termination of this Agreement.

Part X -Dispute Resolution

18. Any dispute, controversy or claim arising out of or in connection with or relating to this Agreement, or the performance, breach or validity thereof, shall be dealt with in accordance with the dispute resolution procedure set out in (i) the Existing Connection Agreement until such time as the Future Connection Agreement is executed by both Parties; and (ii) once it is executed by both Parties, the Future Connection Agreement, subject to Section 17.1.3(a) of such agreement.

Part XI - Termination

19. Neither Party hereto may otherwise terminate this Agreement except as provided in this Section 19. Upon termination of this Agreement, neither Party shall have any further liability or obligations to the other under the terms of this Agreement except as specifically provided in this Section 19 or in Sections 14, 15 or 18 above.

- (a) **Termination by Hydro One.** Upon 15 days prior written notice to Ontario Power Generation, Hydro One may terminate this Agreement following the occurrence of an Event of Default by Ontario Power Generation which is not remedied by Ontario Power Generation in accordance with the requirements of Section 13.
- (b) **Termination by Ontario Power Generation - Hydro One Default.** Upon 15 days prior written notice to Hydro One, Ontario Power Generation may terminate this Agreement following an Event of Default by Hydro One which is not remedied by Hydro One in accordance with the requirements of Section 14.
- (c) **Automatic Termination.** This Agreement shall automatically terminate on the date that Ontario Power Generation specifies in a written notification to Hydro One advising that it no longer wishes to use any of Hydro One's Dual Use Assets as HV interruption devices and/or for the purposes of synchronizing its Customer's Facilities to Hydro One's transmission system.

20. Should this Agreement be terminated under the circumstances described in subsections 19(a) or 19(b) above, Ontario Power Generation shall cease using:

- (a) subject to sub-sections (b) below, the Dual Use Assets by no later than five years following the termination of this Agreement;

- (b) any Dual Use Asset that fails and requires replacement on the date that the Dual Use Asset fails and requires replacement.

Notwithstanding the termination of this Agreement, Ontario Power Generation will remain responsible for 50% of the Dual Use Assets Operating and Maintenance Costs until such time as Ontario Power Generation ceases to use same. For greater certainty, Ontario Power Generation will not be responsible for 50% of the Dual Use Assets Operating and Maintenance Costs of any Dual Use Asset that Ontario Power Generation has ceased to use by operation of sub-section (b) above.

Part XII - General

21. **Notices.** Any written notice required by this Agreement shall be deemed properly given only if either mailed or delivered:

- (a) If to Hydro One, to its care of:

Secretary, Hydro One Networks Inc., 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5, fax no: (416) 345-6056; and

- (b) If to Ontario Power Generation, to

Section Manager, Nuclear Engineering, 1675 Montgomery Park Rd. Pickering, ON L1V 2R5 – 905-839-1151 x7163

A faxed notice shall be deemed to be received on the date of the fax if received before 3 p.m. or on the next business day if received after 3 p.m. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either Party by written notice.

22. **Severability.** In the event that any clause or provision of this Agreement or any part hereof shall be declared invalid, void or unenforceable by any court having jurisdiction, such invalidity shall not affect the validity or enforceability of the remaining portions.

23. **Waiver.** Waiver by either Party of a breach of any provision of this Agreement will not operate or be construed to be a waiver of any subsequent breach. No delay on the part of either Party in exercising any rights hereunder or failure to exercise the same shall operate as a waiver of such rights. No notice to or demand on either Party shall be deemed to be a waiver of the obligations of that Party or the rights of the demanding Party to take further action without notice of demand, nor in any event shall any notification or waiver of any provisions of this Agreement be effective unless in writing, nor shall any such waiver be applicable except in the specific instance and for the specific purpose for which given.

24. **Governing Law.** This Agreement will be deemed to have been made in Ontario and for all purposes will be governed exclusively by, and construed and enforced in accordance with, the

laws of Ontario and the federal laws of Canada applicable therein without giving effect to the principles of conflicts of laws.

25. **Entire Agreement.** This Agreement contains the entire agreement and understanding between the Parties as to the subject matter of this Agreement, and merges and supersedes all prior agreements, commitments, representations and discussions between the Parties pertaining to the subject matter of this Agreement.

26. **Binding Obligation.** This Agreement, and any rights and duties under it, will be binding upon the successors and assigns of each of the Parties hereto, and, despite any change of control of any of the Parties hereto, will enure to the benefit of each Party's permitted successors and permitted assigns.

27. **Assignment and Enurement.** This Agreement may not be assigned by any Party without the written consent of the other Party. This Agreement may, however, be assigned by a Party without the consent of the other Party to a wholly-owned affiliate of the assigning Party, provided that such affiliate enters into a written agreement to be bound by the provisions of this Agreement in all respects and to the same extent as the assigning Party is bound and provided that the assigning Party shall continue to be bound by all the obligations hereunder as if such assignment had not occurred and perform such obligations to the extent that such affiliate fails to do so. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

28. **No Third Party Beneficiaries.** Nothing in this Agreement shall entitle any person other than the Parties and their respective successors and permitted assigns to any claim, cause of action, remedy or right of any kind in respect of the subject matter hereof and one person other than the Parties hereto, shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

29. **Miscellaneous**

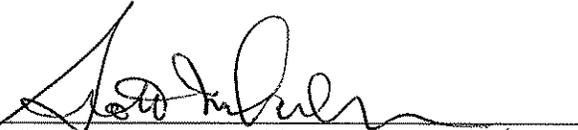
- (a) Nothing contained in this Agreement or the schedules attached hereto shall be construed as a partnership, joint venture or any other form of business entity.
- (b) The Parties agree to make and execute, from time to time, such documents as are required in order to give effect to this Agreement.
- (c) Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties of the Parties contained herein shall not merge on, but shall survive, the execution and delivery of this Agreement and shall continue in full force and effect.
- (d) Each Party acknowledges and agrees that it has participated in the drafting of this Agreement and that no portion of this Agreement shall be interpreted less favourably to either Party because that Party or its counsel was primarily responsible for the drafting of that portion.

- (e) No amendment, modification or supplement to this Agreement shall be valid or binding unless set out in writing and executed by the Parties with the same degree of formality as the execution of this Agreement.
- (f) The Parties agree that the recitals form an integral part of this Agreement.

This Agreement may be executed in counterparts, including facsimile counterparts or other means of electronic transmission, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

IN WITNESS WHEREOF the Parties by their duly authorized officers have executed this Cost Sharing Agreement on the day and year first written above.

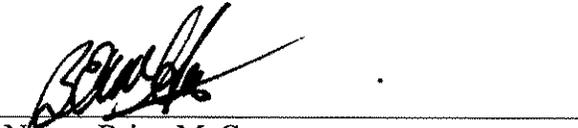
HYDRO ONE NETWORKS INC.



Name: Scott McLachlan
Title: Director, Transmission Asset Management

I have the authority to bind Hydro One Networks Inc.

ONTARIO POWER GENERATION INC.



Name: Brian McGee
Title: Senior Vice-President, Pickering NGS

I have the authority to bind Ontario Power Generation Inc.

SCHEDULE A

DUAL USE ASSETS

| Operating Designation of Hydro One Breaker | Breaker Used by Ontario Power Generation to Synchronize its Customer's Facilities | Breaker Used by Ontario Power Generation as HV Interruption Device | Affected Ontario Power Generation Assets | Voltage |
|--|---|--|--|---------|
| L6K | No | Yes | TSS1 | 230kV |
| L7H | No | Yes | TSS3 | 230kV |
| L8D | No | Yes | TSS2 | 230kV |
| L9Q | No | Yes | TSS4 | 230kV |
| T1D | Yes | Yes | G1, TSS2 | 230kV |
| T1L6 | Yes | Yes | G1 | 230kV |
| Note 1 T2L8 | Yes | Yes | G2 | 230kV |
| Note 1 T3L7 | Yes | Yes | G3 | 230kV |
| T3Q | Yes | Yes | G3, TSS4 | 230kV |
| T4H | Yes | Yes | G4, TSS3 | 230kV |
| T4L9 | Yes | Yes | G4 | 230kV |
| T2K | Yes | Yes | G2, TSS1 | 230kV |
| L27R | No | Yes | TSS5 | 230kV |
| L30Z | No | Yes | TSS6 | 230kV |
| L31N | No | Yes | TSS8 | 230kV |
| L32P | No | Yes | TSS7 | 230kV |
| T5L27 | Yes | Yes | G5 | 230kV |
| T5Z | Yes | Yes | G5, TSS6 | 230kV |
| T6L30 | Yes | Yes | G6 | 230kV |
| T6R | Yes | Yes | G6, TSS5 | 230kV |
| T7L32 | Yes | Yes | G7 | 230kV |
| T7N | Yes | Yes | G7, TSS8 | 230kV |
| T8L31 | Yes | Yes | G8 | 230kV |
| T8P | Yes | Yes | G8, TSS7 | 230kV |
| High Pressure Air System | No | No | No | N/A |

Note 1: These two breakers, T2L8 and T3L7 will be bypassed and decommissioned as the breakers become redundant with the shutdown of units G2 and G3 at Pickering. Costs borne by Hydro One to decommission and bypass these breakers will be fully covered by Hydro One with no expectation of costs to be incurred by OPG except that where OPG assets are impacted by the decommissioning of these breakers those costs incurred by OPG will be borne by OPG.

SCHEDULE B

STATEMENT OF ENGINEERING AND CONSTRUCTION COSTS

(\$K)

| | |
|--|--|
| Project Investment No. | AR 20605 |
| Ready for service date | March 28, 2014 |
| Project Title | Pickering "A" Switchyard: Air Blast Circuit Breaker (ABCB) Re-Investment |
| Project Description | Replacement of four (4) 230 kV air-blast circuit breakers with SF6 breakers: T4L9, T4H, T3Q & T2K |
| Labour (including Design, Engineering, Construction and Commissioning) | \$3,200 |
| Material | \$600 |
| Equipment | \$900 |
| Overhead (including Administration and Project Management) | \$1,500 |
| | |
| Total Cost | \$6,200 |
| OPG Cost Sharing Agreement payable portion (50%) | \$3,100 |

STATEMENT OF INCREMENTAL COSTS (Synchronizing Ability)

(\$K)

| | |
|---|--------------|
| Incremental Costs for synchronizing ability (cost per breaker) | \$95 |
| Number of Breakers enabled with synchronizing ability: four (4) 230 kV SF6 breakers: T4L9, T4H, T3Q & T2K | 4 |
| Total Incremental Costs (4 Bkrs enabled) | \$380 |
| OPG Cost Sharing Agreement payable portion (100%) | \$380 |