



Report to:	GrandBridge Energy Inc. Board of Directors	Submitted by:	Sarah Hughes
Date:	December 11, 2025	Prepared by:	Dan Molon
Topic:	Approval of GridShare NWS Capacity Auction Program and NRCAN Funding Resolutions		

INFORMATION		APPROVAL	✓
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Please find attached the following materials related to the GridShare NWS Capacity Auction Program:

- Proposed resolution required from NRCAN to evidence that the Board of Directors has approved the project and budget and authorize execution of a Contribution Agreement.
- A memo summarizing the GridShare Program, the needs it addresses, the project timeline and budget, key terms of the Contribution Agreement, and customer benefits.
- A sample Contribution Agreement provided by NRCAN. The terms of the agreement are non-negotiable.

**RESOLUTIONS OF THE DIRECTORS
OF
GRANDBRIDGE ENERGY INC.
(the “Corporation”)**

The following resolutions of the directors of the Corporation (the “Board”) are hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario):

NON-WIRES CAPACITY AUCTION PROGRAM

WHEREAS the Corporation is proposing to implement a non-wires capacity auction program to procure distributed energy resources and demand response capacity across Preston TS, Galt TS and MTS#1 to address urgent local capacity constraints in the Cambridge area for the 2026 to 2028 period (the “Project”);

AND WHEREAS the Corporation has submitted an application titled “Leveraging Demand Response and DER Integration to Address Immediate Grid Capacity Constraints” to Natural Resources Canada (“NRCan”) under the Smart Renewables and Electrification Pathways Program (“SREP”) for a contribution to support the Project, which has received conditional project approval subject to due diligence;

AND WHEREAS the Corporation has established a Project budget totalling \$3,738,514 over the period of 2026 to 2028 (“the Budget”) and has provided the Budget to NRCan as part of the application process;

AND WHEREAS the Corporation has requested an SREP contribution of \$1,343,440 and plans to enter into a Contribution Agreement with NRCan under SREP (the “Contribution Agreement”) to provide the funding; and

AND WHEREAS the Corporation will assume the remaining share of the Budget of \$2,395,074 million, and will seek rate recovery from the Ontario Energy Board (“OEB”) through a stand-alone Non-Wires Solution Application.

RESOLVED THAT:

Project and Budget

The Board has reviewed the Project and Budget and hereby authorizes the Corporation to proceed with the Project and approves the Budget as presented.

Contribution Agreement

The Board hereby authorizes the President & CEO and Vice President, Grid Modernization, as officers of the Corporation, to execute and deliver a Contribution Agreement with NRCan under SREP (the “Contribution Agreement”), substantially in the form of the draft Contribution Agreement presented to the Board, with such non-material amendments or variations thereto, if any, as the officers executing the same may approve, such approval to be conclusively evidenced by their execution and delivery of the Contribution Agreement.

General

The President & CEO and Vice President, Grid Modernization are hereby authorized and directed, for and on behalf of the Corporation, to do all such acts and things and to take all such actions, and to execute and deliver all such agreements, instruments and other documents, as they may in their discretion consider necessary or desirable to give effect to the foregoing resolutions and the transactions contemplated thereby, with such amendments or variations thereto as they may approve. The execution and delivery of any such agreements, instruments or documents, and the doing of any such acts or things, shall be conclusive evidence of the authority therefor and of the approval of the same by the Board.

To: Board of Directors

From: Dan Molon, Vice President, Finance & CFO

Date: December 2, 2025

Subject: GridShare Non-Wires Capacity Auction Program (2026–2028) and NRCan SREP Funding

Purpose

This memo provides a high-level overview of GrandBridge Energy’s proposed GridShare Non-Wires Capacity Auction Program (the “GridShare Program” or “Program”) for 2026–2028, including the program rationale, design features, implementation schedule, and associated budget.

As a condition to the NRCan Smart Renewables and Electrification Pathways Program (“SREP”), NRCan requires evidence that the Board of Directors has approved the project and budget and the execution of a Contribution Agreement.

The 2026 Budget and Five-Year Plan incorporates the GridShare Program, including the development costs and capital expenditures. The participant payments and corresponding recoveries (NRCan funding and rate recoveries) are assumed to offset one another over the course of the program.

Background and Need

GrandBridge Energy’s distribution system in the Cambridge area is experiencing urgent and accelerating capacity constraints at three transformer stations (Preston TS, Galt TS, and MTS#1). These stations are supplied through Hydro One’s M20D/M21D transmission lines, which are limited to a combined 400 MW under contingency conditions. Under the reference load forecast, coincident peak demand at the three stations reaches approximately 396 MW by summer 2027 (about 99% of the constrained limit), and under the high-growth scenario, demand exceeds the constrained limit in 2027 (about 412.5 MW / 103% of the limit).

The long-term solution identified through regional planning is a new 115 kV transformer station (MTS#2) targeted for in-service in Q2 2028. However, that timing leaves a multi-year gap in which local non-wires capacity is required to bridge the supply gap and mitigate risks.

Program Description

The GridShare Program aims to alleviate capacity constraints and enhance grid resiliency by leveraging local resources through a competitive capacity auction designed to procure local peak-reducing capacity from third-party providers, including:

- (i) Demand Response (DR): load curtailment and load shifting during peak hours; and
- (ii) Behind-the-Meter Distributed Energy Resources (DERs): solar, batteries, and dispatchable distributed generation supporting peak reduction.

The Program will utilize a phased approach to procure up to 5MW of capacity in 2026, up to 10 MW in 2027, and up to 20 MW in 2028 across all three transformer stations. GrandBridge Energy currently has a strong

foundation of behind-the-meter generation in the constrained area (approximately 34 MW total, with approximately 18.5 MW dispatchable), which can be leveraged through the auction.

During the obligation period (June 1 to September 30), participants must respond to standby notices (issued from 2 p.m. EST the prior day to 7 a.m. EST on the day) and activation notices (within 2 hours of activation) within the 11 a.m. to 9 p.m. EST availability window, with activations lasting up to 4 hours. Emergency activations may occur without standby notices, with optional response. Performance will be verified through measurement and verification, comparing delivered capacity against a baseline consumption calculated from the 15 highest consumption values over the last 20 business days. Performance incentives and charges will be in place to ensure reliable delivery and cost-effective outcomes. The Program will be supported by a turnkey market and DERMS/forecasting platform (GridS2), enabling short-term load forecasting, auction administration, dispatch, and settlement.

Implementation Schedule

The NWS solution implementation is targeted for completion by the end of December 2025, establishing the foundational system capabilities. Following this technical deployment, customer registration activities are scheduled to begin in Q1 2026, allowing participants to enroll in the program. The final phase involves NWS activations, which are strategically planned for June through September 2026 to align with the summer peak demand period when the system's demand response capabilities will be most valuable.

Budget and Funding

The following table summarizes the Program costs over the 2026 to 2028 period, which are forecast at \$3.7 million on a gross basis. GrandBridge Energy has applied to NRCAN SREP for \$1.3 million in contributions, which are expected to offset eligible Program costs. Net of the SREP contribution, the proponent share is \$2.4 million over the three year period.

Cost (\$000's)	2026	2027	2028	Total
Software Licensing & Maintenance	\$50	\$50	\$50	\$150
Professional Consulting	\$230	\$0	\$0	\$230
Staffing – Incremental	\$109	\$77	\$77	\$263
Staffing – Existing *	\$43	\$43	\$44	\$130
Participant Payments **	\$310	\$562	\$1,013	\$1,885
Margin on Payment	\$81	\$148	\$266	\$495
Total Operating Costs	\$823	\$880	\$1,450	\$3,153
IT Software Implementation	\$475	\$0	\$0	\$475
Capitalized Professional Services	\$111	\$0	\$0	\$111
Total Capital Costs	\$586	\$0	\$0	\$586
Total NWS Program Cost	\$1,409	\$880	\$1,450	\$3,739
SREP Contribution	\$501	\$314	\$528	\$1,343
Net NWS Program Cost	\$908	\$566	\$922	\$2,396

* Existing staffing costs are not included in the OEB rate application, as the costs are already recovered in rates.

** Participant payments in OEB rate application increased to \$1,982 to reflect additional activations not captured in the scope of the SREP application.

Key Terms of the NRCAN Contribution Agreement

The NRCAN Contribution Agreement provides GrandBridge Energy with non-repayable contributions to support the execution of the Program. The agreement is effective upon signing and remains in effect until the completion of the Program. NRCAN has indicated that the terms of the agreement are non-negotiable.

To receive the contributions, quarterly claims must be submitted within 60 days of quarter-end, and a final claim must be submitted after completion. NRCAN may retain up to a 10% holdback until final reports are accepted. Each claim requires detailed progress and financial reporting. A final report is due shortly after completion, and annual outcome reports are required for 3 years post-completion. Under the agreement, GrandBridge Energy would retain ownership of any intellectual property, while Canada receives a perpetual, royalty-free license to use/disclose reporting outputs for government purposes. Public announcements of Canada's funding require prior written approval.

Termination rights are held with Canada, and they may terminate the agreement due to an event of default (insolvency, misrepresentation, material adverse risk change, or failure to comply after notice) and may suspend payments, terminate its funding obligations, terminate the agreement, and demand repayment of some/all funds with interest. Not receiving OEB approval for the Program would be considered a material adverse risk change resulting in termination of the agreement.

Canada is indemnified against liability and claims of any nature, including injury or damages, made by anyone involved in the project activities or arising from the agreement. The indemnities, as well as requirements for record keeping, reporting and intellectual property, survive for 3 years after expiry of the agreement.

Customer Benefits and Value

A Benefit Cost Analysis ("BCA") was completed, consistent with OEB's BCA Framework, to confirm that the proposed investment is also cost-effective and delivers value to customers. On a present value basis, the cost of the NWS Program is estimated at \$1.80 million. The benefits of the Program are driven by:

- **Avoided unplanned outages:** Capacity limits at Preston TS, Galt TS, and MTS#1 heighten outage risk in 2026–2028. The NWS Program reduces this risk, delivering about \$0.78M in probability-weighted PV customer benefits. Past events (e.g., 2019 Preston TS "Q" bus failure) were manageable due to spare capacity, but similar load transfers wouldn't be feasible in 2026–2028 without MTS#2.
- **Avoided planned outages:** By freeing capacity during scheduled maintenance, the NWS Program helps prevent planned customer interruptions, yielding about \$2.34M in customer benefits.
- **Avoided transmission charges:** Targeting peak demand (June–September) lowers monthly station peak-based transmission charges, providing about \$0.42M in customer benefits



Dan Molon
VP Finance and CFO

DEPARTMENT OF NATURAL RESOURCES

RENEWABLE ENERGY AND ELECTRICITY TECHNOLOGIES PROGRAMS

SMART RENEWABLES AND ELECTRIFICATION PATHWAYS PROGRAM

NON-REPAYABLE CONTRIBUTION AGREEMENT

THIS AGREEMENT is made in duplicate

BETWEEN:

HIS MAJESTY THE KING IN RIGHT OF CANADA, represented by the Minister of Natural Resources ("Canada"),

AND:

PROPONENT NAME, a [*insert type of organization*], registered OR incorporated under the laws of Province/Territory (the "Proponent").

WHEREAS Canada wishes to encourage the adoption of the **SMART RENEWABLES AND ELECTRIFICATION PATHWAYS PROGRAM** (the "Program");

WHEREAS the Proponent has submitted to the Minister a Proposal for the funding of a Project called "**PROJECT NAME**" which qualifies for support under the Program;

WHEREAS Canada and the Proponent agree that in order for the Proponent to develop and implement the Project as described in Schedule A (Description of the Project), the Proponent will require financial assistance from Canada;

AND WHEREAS Canada is willing to provide financial assistance toward the Eligible Expenditures of the Project in the manner and upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, Canada and the Proponent agree as follows:

1. INTERPRETATION

1.1 In this Agreement:

"Agreement" means this Agreement and the attached Schedules A and B;

"Claim Period" means the **quarter** to which each payment pertains;

"Completion Date" means the date that the Proponent shall complete the Project as specified in Paragraph 4.2;

"Contribution" means the funding provided by the Minister under this Agreement;

"Eligible Expenditures" means any expenditures Incurred by the Proponent, as set out in Schedule B (Budget and Eligible Expenditures), within the Eligible Expenditure Period in accordance with the terms and conditions of this Agreement; any Eligible Expenditures Incurred by the Proponent before this Agreement is signed by both Parties are limited to **Thirty percent (30 %)** of the Contribution;

"Eligible Expenditure Period" means the period starting **full project approval date to completion date**;

"Fiscal Year" means the period beginning on April 1st of any year and ending on March 31st in the next year;

"Fixed Asset" means a tangible non-current asset, including buildings and equipment, acquired not for sale but for use for the Project during the Eligible Expenditure Period;

"Incurred" means, in relation to an Eligible Expenditure, an Eligible Expenditure or a portion thereof that is owing and due by the end of each Claim Period;

"Incurred and Paid" means, in relation to an Eligible Expenditure, an Eligible Expenditure that the Proponent has paid for;

"Intellectual Property" means any intellectual property recognized by law, including any intellectual property right protected through legislation including governing patents, copyright, trade-marks, and industrial designs;

"Interest Rate" means the Bank Rate, as defined in the *Interest and Administrative Charges Regulations*, in effect on the due date, plus 300 basis points, compounded monthly. The Interest Rate for any given month can be found at: *****.tpsgc-pwgsc.gc.ca/recgen/txt/taux-rates-eng.html;

"Minister" means the Minister of Natural Resources and includes any duly authorized officers or representatives;

"Party" means either the Proponent or Canada;

"Project" means the Project described in Schedule A (Description of the Project);

"Proposal" means a written Proposal signed by the Proponent on **proposal receipt date** including at least a background, purpose, work description, results expected, and a budget, which is accepted by the Minister for the Project;

"Total Government Funding" means cash contributions provided by the federal government and other contributions from the provincial/territorial and municipal governments toward the Total Project Costs; and,

"Total Project Costs" means the Contribution and other verifiable cash or in-kind contributions either received or contributed by the Proponent and directly attributable to the Project from **conditional approval date** to the Completion Date.

1.2 The following schedules are attached to and made part of this Agreement:

- a) Schedule A (Description of the Project); and
- b) Schedule B (Budget and Eligible Expenditures).

1.3 In case of conflict between any provision in the main body of this Agreement and a provision in a schedule attached hereto, the provision in the main body of this Agreement shall take precedence.

1.4 Grammatical variations of the above defined terms have similar meanings. Words importing the singular number only shall include the plural and vice versa.

2. REPRESENTATIONS AND WARRANTIES

2.1 The Proponent represents and warrants that all factual matters contained in the Proposal and all supporting material submitted are true and accurate in all material respects, and that all estimates, forecasts and other related matters involving judgement were prepared in good faith and to the best of its ability, skill and judgement.

2.2 The Proponent represents and warrants that it is duly incorporated or registered and validly existing in good standing under the laws of Canada and has the power and authority to carry on its business, to hold property, and undertakes to take all necessary action to maintain itself in good standing and preserve its legal capacity during the term of this Agreement.

2.3 The Proponent represents and warrants that the signatory to this Agreement has been duly authorized to execute and deliver this Agreement on its behalf.

2.4 The Proponent represents and warrants that the execution, delivery, and performance of this Agreement have been duly authorized and when executed and delivered will constitute a legal, valid, and binding obligation of the Proponent enforceable in accordance with its terms.

2.5 The Proponent represents and warrants that it has not, nor has any person offered or promised to any official or employee of His Majesty the King in Right of Canada, for or with a view to obtaining this Agreement any bribe, gift or other inducement and it has not nor has any person on its behalf employed any person to solicit this Agreement for a commission, fee or any other consideration dependent upon the execution of this Agreement.

3. DURATION OF THE AGREEMENT

3.1 This Agreement comes into force when signed by the Parties.

3.2 Except as otherwise provided in the articles below, this Agreement will expire on the latest of:

- a) the Completion Date;
- b) the completion of the Project to the satisfaction of the Minister; or
- c) the date on which all amounts owed by the Proponent to the Minister under this Agreement have been paid in full.

3.3 The following clauses shall survive the expiration of this Agreement for an additional three (3) years :

- a) Article 8 (Accounts and Audits);
- b) Article 9 (Intellectual Property);
- c) Article 10 (Indemnity);
- d) Article 11 (Default);
- e) Article 13 (Reports); and
- f) Article 26 (Dispute Resolution).

4. CONDUCT OF PROJECT

4.1 The Proponent shall carry out the Project promptly, diligently and in a professional manner and in accordance with the terms and conditions of this Agreement.

4.2 The Proponent shall complete the Project by **project completion date**, unless terminated earlier pursuant to the provisions of this Agreement.

4.3 The Proponent shall comply with all applicable federal, provincial and municipal laws in relation to the Project.

4.4 The Parties are satisfied that any legal duty to consult with Indigenous groups affected by the Project, and where appropriate, to accommodate Indigenous groups' concerns has been met and continues to be met. If as a result of changes to the nature or scope of the Project Canada determines that a legal duty to consult is triggered, the Proponent agrees that all of Canada's obligations pursuant to this Agreement will be suspended from the moment that Canada informs the Proponent that a legal duty to consult arises.

In the event that a legal duty to consult arises, the Proponent agrees that:

- a) Canada will withhold any payment of the Contribution toward Eligible Expenditures until Canada is satisfied that any legal duty to consult with, and where appropriate, to accommodate Indigenous groups has been met and continues to be met;
- b) if, as a result of such changes to the Project, Canada determines that further consultation is required, the Proponent will work with Canada to ensure that the legal duty to consult, and where appropriate, to accommodate Indigenous groups, is met and continues to be met to Canada's satisfaction; and

c) it will consult with Indigenous groups that might be affected by the changes to the Project, explain the Project to them, including Canada's role, and will provide a report to Canada, which will include:

- i) a list of all Indigenous groups contacted;
- ii) a summary of all communications to date with the Indigenous groups, indicating which groups support or object to the Project, and whether their positions are final, preliminary or conditional in nature;
- iii) a summary of any issues or concerns that the Indigenous groups have raised and an indication of how the Proponent has addressed or proposes to address those issues or concerns; and
- iv) any other information Canada may deem appropriate.

5. IMPACT ASSESSMENT

5.1 The Proponent shall comply with all federal environmental laws applicable to the Project, including the provisions of the *Impact Assessment Act* related to the projects carried on federal lands or outside of Canada.

5.2 If, within the Eligible Expenditure Period, the Project becomes a "project" carried out on federal land or outside of Canada according to the *Impact Assessment Act*, the Parties agree that Canada's obligations under this Agreement will be suspended until:

- a) a determination indicating that the carrying out of the Project is not likely to cause significant adverse environmental effects by the Minister or another authority referred in the *Impact Assessment Act*; or
- b) if the carrying out of the Project is likely to cause significant adverse environmental effects, a decision of the Governor in Council indicates that those effects are justified in the circumstances.

5.3 It is understood that the Parties may examine the need to modify or terminate the Agreement if the Project allows the realization in whole or in part of a "project" within the meaning of the *Impact Assessment Act*.

5.4 It is understood, that, in the event that the Project becomes a "project" as defined in Paragraph 5.2 above, the Minister has no obligation to request a decision by the Governor in Council, and may, terminate this Agreement with immediate effect by giving notice in writing to the Proponent. Following such termination, no further Contribution will be disbursed under this Agreement, and the Minister will not be liable for any direct, indirect, consequential, exemplary, or punitive damages, regardless of the form of action, whether in contract, tort, or extra-contractual liability, or otherwise, arising from the termination.

6. CONTRIBUTIONS

6.1 Notwithstanding any other provision of this Agreement, the Contribution shall not in any circumstances exceed **Dollars (\$)**.

6.2 The Fiscal Year allocations for the Contribution are as follows:

2025-26 Dollars (\$)
2026-27 Dollars (\$)
2027-28 Dollars (\$)
2028-29 Dollars (\$)
Total: Dollars (\$)

Any reallocation of the Contribution amounts in whole or in part from one Fiscal Year to another shall require a written amendment signed by the Parties.

6.3 In order to be eligible to receive payment for any remaining portion of the Contribution as described herein, the Proponent must submit its final claim for payment on or before **90 days post completion date**.

6.4 The Minister will not contribute to any Eligible Expenditure Incurred by the Proponent prior to or after the Eligible Expenditure Period.

6.5 If by the Completion Date, the Total Government Funding as set out in Schedule B (Budget and Eligible Expenditures) that the Proponent has received exceeds **One Hundred percent (100%)** of the Total Project Costs incurred, the Minister may require the Proponent to reimburse such excess back to Canada.

6.6 The Proponent represents that no other federal, provincial, territorial or municipal government assistance, other than those described below and listed in Schedule B (Budget and Eligible Expenditures), has been or will be provided in respect of the Total Project Costs incurred:

Canada: Dollars (\$)
Other Federal: Zero Dollars (\$0)
Provincial: Zero Dollars (\$0)
Territorial: Zero Dollars (\$0)
Municipal: Zero Dollars (\$0)
Total Government Funding: Dollars (\$)

The Proponent shall advise the Minister promptly of any change in the Total Government Funding listed above during the term of this Agreement.

7. METHOD OF PAYMENT

7.1 Subject to the terms and conditions of this Agreement, Canada shall make the Contribution toward the Eligible Expenditures Incurred for which the goods have been received or the services have been rendered.

7.2 Subject to the terms and conditions of this Agreement, Canada shall make the Contribution toward the Eligible Expenditures Incurred for which the goods have not been received or for which the services have not been rendered, provided that:

- a) The Proponent have proper documentation, including a signed contract or a purchase order, establishing a legally binding financial obligation that the Proponent must meet during the Claim Period;
- b) Upon thirty (30) days written notice, the Proponent provide the Minister with the documentation outlined in paragraph 7.2 a) at the Proponent's own costs; and
- c) The financial report in Paragraph 7.3 include a declaration signed by the Chief Financial Officer or duly authorized officer, attesting that the Proponent has, at the time of the financial report, the proper documentation outlined in Paragraph 7.2 a), and that it will provide the Minister with such documentation in accordance with paragraph 7.2 b).

7.3 In order to receive payment of Eligible Expenditures, the Proponent shall submit claims for payment accompanied by a financial report signed by the Chief Financial Officer or Duly Authorized Officer which, outlines Eligible Expenditures Incurred by category of cost, and progress reports as required in Article 13 (Reports). All claims must be submitted no later than sixty (60) days after the end of each Claim Period, except the claim for the final payment.

7.4 Canada may, at its sole discretion and based on Canada's assessment of the risk associated to the Project, withhold a portion of the amount of the Contribution claimed during any given Claim Period. Canada may adjust the holdback during the term of this Agreement but at no time shall the holdback exceed **Ten percent (10%)** of the Contribution. Canada shall release the holdback only after the Proponent has submitted and the Minister has accepted, to his satisfaction, all reports required under Article 13 (Reports).

7.5 Subject to the terms and conditions of this Agreement, if the Proponent cannot submit a claim for payment on or before March 31 of a Fiscal Year, the Proponent shall no later than

Non-Repayable; Smart Renewables and Electrification Pathways Program
; insert Proponent name

April 5 provide the Minister with a signed statement of anticipated Eligible Expenditures Incurred up to March 31, in order for the Minister to establish a Payable at Year-End.

7.6 Notwithstanding Article 25 (Amendments), following receipt of a written request from the Proponent in accordance with Article 24 (Notices), the Minister may approve in writing at his sole discretion an extension to submit any claim or any report required to be submitted in accordance with this Agreement.

7.7 Where for any reason Canada determines that the amount of the Contribution disbursed exceeds the amount to which the Proponent is entitled or the Proponent is not entitled to the Contribution, the Proponent must repay to Canada no later than thirty (30) days from the date of the Minister's notice, the amount of the overpayment or the amount of the Contribution disbursed. If the amount is not repaid by its due date, interest accrues at the Interest Rate for the period beginning on the due date and ending on the day before the day on which repayment to Canada is received. Any such amount is a debt due to His Majesty the King in Right of Canada and is recoverable as such.

7.8 Without limiting the scope of the set-off rights provided for under the *Financial Administration Act*, it is understood that the Minister may set off against any amount that may be payable to the Proponent pursuant to this Agreement, any amounts owed and past due by the Proponent to His Majesty the King in Right of Canada under any legislation or contribution agreements and the Proponent shall declare to the Minister all amounts outstanding in that respect when making any claim under this Agreement.

8. ACCOUNTS AND AUDITS

8.1 Prior to the Completion Date and for three (3) years after the expiration of this Agreement, as described in Article 3 (Duration of the Agreement), the Proponent shall, at its own expense:

- a) keep proper and accurate books, accounts, and records of its revenue received and expenses Incurred and Paid in connection with the Project and shall keep its invoices, receipts, and vouchers relating thereto;
- b) keep proper and accurate records of all data, analyses, and other scientific or technical assessments and reports, and any and all information relating to the outputs and outcomes of the Project;
- c) on demand, make available to the Minister such books, accounts, records, invoices, receipts, and vouchers referred to above and permit the Minister to examine and audit and take copies and extracts from such documents;
- d) allow the Minister, at the Minister's own expense and discretion, to conduct a technical audit to verify that the proposed measures outlined in Schedule A (Description of the Project) were implemented in accordance with this Agreement; and,
- e) allow the Minister, at the Minister's own expense and discretion, to conduct an audit to verify the accuracy of reports submitted under Article 13 (Reports).

8.2 In respect of Eligible Expenditures related to professional, scientific and contracting services outlined in Schedule B (Budget and Eligible Expenditures), Canada's auditors may, acting reasonably, request that the Proponent's books, accounts and records be supplemented by information from the books, accounts and records of the subcontractors engaged by the Proponent having contracts in excess of **Twenty percent (20%)** of the Contribution for the purposes of the Project. The Proponent will use commercially reasonable efforts to obtain such information as is reasonably requested by Canada's auditors from the Proponent's subcontractors, subject to and to the extent permitted by terms of the applicable contracts and, in particular, the audit provisions of such contracts.

9. INTELLECTUAL PROPERTY

9.1 All Intellectual Property that arises in the course of the Project shall vest in the Proponent, or be licensed to the Proponent in the event that a Proponent's subcontractor retains title to such Intellectual Property.

9.2 The Proponent shall supply to Canada the reports and documents described in Article 13 (Reports), and the Proponent hereby grants to Canada a non-exclusive, irrevocable, world-wide, free and royalty-free license in perpetuity to use, modify, and, subject to the *Access to Information Act*, make publicly available such reports and documents for non-commercial governmental purposes.

10. INDEMNITY

10.1 Neither Canada, nor its employees, officers and agents, will have any liability in respect of claims of any nature, including claims for injury or damages, made by any person involved in the activities of the Project or as a result of or arising out of this Agreement, and the Proponent will indemnify and save harmless Canada, its employees, officers and agents, in respect of such claims.

11. DEFAULT

11.1 The Minister may declare that an event of default has occurred if:

- a) the Proponent becomes insolvent or is adjudged or declared bankrupt or if it goes into receivership or takes the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors;
- b) an order is made which is not being contested or appealed by the Proponent or a resolution is passed for the winding up of the Proponent or it is dissolved;
- c) in the opinion of the Minister, there has been a misrepresentation or breach of warranty under Article 2 (Representations and Warranties);
- d) in the opinion of the Minister, acting reasonably, a material adverse change in risk affecting the fulfilment of the terms and conditions of this Agreement has occurred;
- e) any term, condition or undertaking in this Agreement is not complied with, including, without limitation, any of those in Article 4 (Conduct of Project), Article 5 (Impact Assessment) or Article 7 (Method of Payment) and any such defect has not been cured by or remedied by the Proponent within thirty (30) days of written notice of such defect having been provided to the Proponent; or
- f) the Proponent neglects or fails to pay the Minister any amount due in accordance with this Agreement.

11.2 If the Minister declares that an event of default has occurred, in addition to all other remedies provided under contract law, the Minister may exercise one or more of the following remedies:

- a) suspend any obligation of Canada to contribute or continue to contribute to the Eligible Expenditures of the Project or a part of the Project, including any obligation to pay any amount owing prior to the date of such suspension;
- b) terminate any obligation of Canada to contribute or continue to contribute to the Eligible Expenditures, including any obligation to pay any amount owing prior to the date of such termination;
- c) terminate this Agreement; and
- d) direct the Proponent to repay all or part of the Contribution which has been paid to the Proponent, together with interest from the date of demand at the Interest Rate, with the exception of an event of default listed in Paragraph 11.1(d). Any such amount is a debt due to His Majesty in Right of Canada and is recoverable as such.

For greater clarity, all above remedies are cumulative.

11.3 The fact that the Minister does not exercise a remedy that the Minister is entitled to exercise under this Agreement will not constitute a waiver of such right and any partial exercise of a right will not prevent the Minister in any way from later exercising any other right or remedy under this Agreement or other applicable law.

12. ACCESS

12.1 Prior to the Completion Date and for three (3) years after the expiration of this Agreement, the Proponent shall provide the Minister or Minister's representatives reasonable access to any premises where the Project takes place to assess the Project's progress or any element thereof, subject to providing reasonable notice and complying with the Proponent's safety requirements for such access.

13. REPORTS

13.1 The Proponent shall submit, no later than sixty (60) days after the Claim Period, the following documentation as per the template provided by Canada.

- a) an updated Project quarterly cash flow statement and budget;
- b) where applicable, a detailed breakdown of any capital equipment purchased, including make, model and unit price;
- c) where applicable, an explanatory note signed by the Chief Financial Officer or duly authorized officer explaining what overhead expenditures were Incurred; and
- d) a report of Project tasks to-date in sufficient detail, including outputs and key performance indicators, to allow progress to be evaluated.

13.2 The Proponent shall submit, no later than sixty (60) days after the Completion Date, a final report, as per a template provided by Canada, which includes the following:

- a) a final narrative report to describe how its activities have contributed to the achievement of the objectives, the benefits, and the key performance measures of the Project as described in Schedule A (Description of the Project), including the results of the Project in comparison to the original task plan and outputs;
- b) a financial report that shall demonstrate how the Contribution was spent, including a financial declaration as to whether the Proponent received contributions (including in-kind) or payments in respect of the Project in addition to, or from sources other than, those set out in Schedule B (Budget and Eligible Expenditures);
- c) a certification that the claims for payment of Eligible Expenditures of the Project have been Incurred and Paid by the Proponent;
- d) a declaration as to the total amount of contributions or payments, including Total Government Funding, received by the Proponent; and
- e) a commissioning report, signed by a professional engineer or a duly authorized officer, that indicates the date of commissioning and rated capacity of the Project (if applicable).

13.3 For a period of three (3) years following the Completion Date, the Proponent shall submit, no later than sixty (60) days after each anniversary of the Completion Date, an annual outcome report, as per the template provided by Canada, which reports on the key performance indicators as described in Schedule A (Description of the Project).

14. DISPOSITION OF ASSETS

14.1 If, prior to the Completion Date and for three (3) years thereafter, the Proponent sells, leases or otherwise disposes of any Fixed Asset excluding Intellectual Property, where the cost of the Fixed Asset is part of the Eligible Expenditures under the Project to which Canada has Non-Repayable; Smart Renewables and Electrification Pathways Program ; insert Proponent name

contributed under this Agreement, and where the proceeds of the sale, lease or other disposition are not applied to acquire assets in replacement of the Fixed Asset, the Proponent shall immediately notify the Minister in writing of such sale, lease or disposition and, if the Minister so requires, the Proponent shall share with Canada the proceeds of the sale, lease or any other disposition in the same ratio as that of Canada's Contribution to the purchase of the Fixed Asset by the Proponent, except that Canada's share shall not exceed the Contribution.

15. SUBCONTRACTS

15.1 The Proponent shall not subcontract all or any part of the Project except as provided in the Proposal or as otherwise set forth below. The Proponent shall advise the Minister of any other new contract, not originally included in the Proposal, the Proponent enters into with a third party to undertake work on the Project where the estimate of the cost of the work to be performed exceeds **twenty percent (20%)** of the Contribution. The notice shall include a description of the extent and nature of the contracted work, the identity of the contractor, and the estimated cost of the contracted work. For greater certainty, for the purposes of this Article, there is no privity of contract between Canada and any of the Proponent's subcontractors; as such, the selection and amendment of any of the Proponent's subcontractors as may be listed in the Proposal is the sole responsibility of the Proponent and is not subject to the Minister's consent.

16. LEGAL RELATIONSHIP

16.1 Nothing contained in this Agreement shall create the relationship of principal and agent, employer and employee, partnership or joint venture between the Parties.

16.2 The Proponent shall not make any representation that:

- a) the Proponent is an agent of Canada; or
- b) could reasonably lead any member of the public to believe that the Proponent or its contractors are agents of Canada.

17. ACKNOWLEDGEMENT

17.1 The Proponent shall acknowledge the financial support of Canada in all public information produced as part of the Project.

17.2 The Proponent will seek prior written consent of Canada for any public announcement of the financial support of Canada to this Project through news releases, public displays, and public and media events.

17.3 Except for releases of information required to comply with securities regulations or other laws, where a public announcement relating to this Project is to be made by a Party, the Party shall use commercially reasonable efforts to give to the other Party at least a three (3) weeks prior written notice of any public announcement and a reasonable opportunity to review and comment thereon.

17.4 The Proponent acknowledges that the Proponent's name, the amount awarded, and the general nature of the activities supported under this Agreement may be made publicly available by the Government of Canada.

18. TIME OF ESSENCE

18.1 Time is of the essence with respect to all provisions of this Agreement that specify a time for performance.

19. MEMBERS OF PARLIAMENT

19.1 No Member of the House of Commons or Senate shall be admitted to any share or part of this Agreement or to any benefit arising therefrom that is not otherwise available to the general public.

Non-Repayable; Smart Renewables and Electrification Pathways Program
; insert Proponent name

20. CONFLICT OF INTEREST

20.1 It is a term of this Agreement that all current or former public servants to whom the federal *Values and Ethics Code for the Public Sector*, federal *Policy on Conflict of Interest and Post-Employment*, or *NRCan Values and Ethics Code* applies shall comply with the Codes or Policy, as applicable.

20.2 If any individual working for the Proponent formerly provided consultancy services to the Minister that are related to this Agreement, particularly any services associated with developing the Agreement or developing the Project which is the subject of this Agreement, the Proponent is considered to be in a real, perceived, or potential conflict of interest situation.

20.3 If a conflict of interest situation arises during the Agreement, the Proponent shall notify the Minister, in the manner prescribed in Article 24 (Notices). Upon request, the Proponent shall notify the Minister of all reasonable steps taken to identify, avoid, prevent, and where it exists, resolve any conflict of interest situation.

20.4 The Minister may investigate a real, perceived, or potential conflict of interest and take such steps and measures as the Minister considers appropriate, including without limitation: informing the Proponent that it is in a conflict of interest situation; requesting specific actions be taken to correct the situation; requiring the Proponent to withdraw any individual from participation in the Project for reasons of conflict of interest; suspending payments under the Agreement; or terminating the Agreement.

21. FORCE MAJEURE

21.1 The Parties shall not be in default or in breach of this Agreement due to any delay or failure to meet any of their obligations caused by or arising from any event beyond their reasonable control and without their fault or negligence, including any act of God or other cause which delays or frustrates the performance of this Agreement (a “force majeure event”). If a force majeure event frustrates the performance of this Agreement, Canada will only be liable for its proportionate share of the Eligible Expenditures Incurred and Paid to the date of the occurrence of the event.

21.2 The performance of the obligation affected by a “force majeure event” as set out above shall be delayed by the length of time over which the event lasted. However, should the interruption continue for more than **thirty (30) days**, this Agreement may be terminated by Canada.

21.3 Should either Party claim the existence of a “force majeure event” as above, prompt notice thereof shall be given to the other Party and the Party claiming the existence of a “force majeure event” shall have the obligation to provide reasonable satisfactory evidence of the existence of such event and use its best efforts to mitigate any damages to the other Party.

22. GOVERNING LAW

22.1 This Agreement shall be interpreted in accordance with the applicable federal laws and the laws in force in Province of Ontario.

23. ASSIGNMENT

23.1 No benefit arising from this Agreement shall be assigned in whole or in part by the Proponent without the prior written consent of the Minister and any assignment made without that consent is void and of no effect.

24. NOTICES

24.1 The claims for payment, requests, reports, notices, repayments and information referred to in this Agreement shall be sent in writing or by any method of telecommunication and, unless

notice to the contrary is given, shall be addressed to the Party concerned at the following address:

To Canada:

Zoe Beaulac
Associate Director, Renewable and Electrical Energy Division
Smart Renewables and Electrification Pathways Program
Natural Resources Canada
580 Booth Street, 19th Floor
Ottawa, Ontario
K1A 0E4
Telephone: (613) 302-7506
E-mail: sreps-erite@nrca-nrcan.gc.ca

To the Proponent:

X
X
X
X,
Canada
X
Telephone: X
E-mail: X

24.2 Requests, notices and documents are deemed to have been received, if sent by registered mail, when the postal receipt is acknowledged by the other Party; by facsimile or electronic mail, when transmitted and receipt is confirmed; and by messenger or specialized courier agency, when delivered.

24.3 The Minister and the Proponent agree to notify each other in writing if the above contact information changes. This requirement will not cause an amendment to the Agreement.

25. AMENDMENTS

25.1 No amendment of this Agreement or waiver of any of its terms and conditions shall be deemed valid unless effected by a written amendment signed by the Parties.

26. DISPUTE RESOLUTION

26.1 If a dispute arises concerning the application or interpretation of this Agreement, the Parties will attempt to resolve the matter through good faith negotiation, and may, if necessary and the Parties consent in writing, resolve the matter through mediation by a mutually acceptable mediator.

27. APPROPRIATION

27.1 The payment of monies by Canada under this Agreement is subject to there being an appropriation by Parliament for the Fiscal Year in which the payment of monies is to be made.

27.2 Notwithstanding any other provision of this Agreement, Canada may reduce or cancel the Contribution to the Project upon written notice to the Proponent in the event that the funding levels for the Department of Natural Resources are changed by Parliament during the term of this Agreement. In the event that Canada reduces or cancels the Contribution, the Parties agree to amend the Project and the Eligible Expenditures of the Project, namely this Agreement, to take into account the reduction or cancellation of the Contribution.

28. LOBBYING ACT

28.1 The Proponent shall ensure that any person lobbying on behalf of the Proponent is registered pursuant to the *Lobbying Act* and that the fees paid to the lobbyist are not to be related to the value of the Contribution.

Non-Repayable; Smart Renewables and Electrification Pathways Program
; insert Proponent name

29. SUCCESSORS AND ASSIGNS

29.1 This Agreement shall inure to the benefit of and be binding on the Parties and their respective representatives, successors and assigns.

30. OFFICIAL LANGUAGES/LANGUES OFFICIELLES

30.1 This Agreement is drafted in **English** at the request of the Parties. Les Parties ont convenu que le présent Accord soit rédigé en **anglais**.

30.2 All public information documents related to the Project prepared or paid for in whole or in part by Canada must be made available in both official languages, when the Department of Natural Resources judges that this is required under the *Official Languages Act*. Tout document d'information publique préparé ou payé en tout ou en partie par le Canada ayant trait au Projet doit être offert dans les deux langues officielles, lorsque le Ministère des ressources naturelles le juge pertinent, conformément à la *Loi sur les langues officielles*.

31. COUNTERPART SIGNATURE

31.1 This Agreement (and any amendments) may be signed in counterparts including facsimile, PDF and other electronic copies, each of which when taken together, will constitute one instrument.

32. SEVERABILITY

32.1 Any provision of this Agreement prohibited by law or otherwise ineffective, will be ineffective only to the extent of such prohibition or ineffectiveness and will be severable without invalidating or otherwise affecting the remaining provisions of the Agreement. The Parties agree to negotiate in good faith a substitute provision which most nearly reflects the Parties' intent in entering into this Agreement.

33. ENTIRE AGREEMENT

33.1 This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter of this Agreement and supersedes all previous negotiations, communications, and other agreements, whether written or verbal between the Parties.

IN WITNESS THEREOF, this Agreement is duly executed on behalf of His Majesty the King in Right of Canada by an officer duly authorized by the Minister of Natural Resources and on behalf of the Proponent, by an officer duly authorized on its behalf.

HIS MAJESTY THE KING IN RIGHT OF CANADA

Date

Drew Leyburn
Assistant Deputy Minister
Energy Systems Sector

PROPONENT NAME

Date

X
X

SCHEDULE A**To the Agreement between****HIS MAJESTY THE KING IN RIGHT OF CANADA****And****INSERT PROPONENT NAME****DESCRIPTION OF THE PROJECT**

PROJECT TITLE	insert project name
PROJECT OBJECTIVE	
PROJECT SUMMARY	
BENEFITS	- Benefits to Canadians: - Benefits to Stakeholders:

PROJECT TASKS

#	Name	Description (MAX = 500 characters)	Outputs
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PERFORMANCE INFORMATION

Key Performance Indicators (MAX = 500 characters)

SCHEDULE B

To the Agreement between

HIS MAJESTY THE KING IN RIGHT OF CANADA

And

INSERT PROPONENT NAME**BUDGET AND ELIGIBLE EXPENDITURES**

1. Subject to the limitations set out in Article 6 (Contributions), Eligible Expenditures shall be associated with the execution of the various activities as described in Schedule A (Description of the Project).

Approved Budget (\$)	2025-26	2026-27	2027-28	2028-29	TOTAL (\$)
Canada (NRCan) Contribution	\$ -	\$ -	\$ -	\$ -	\$0
ELIGIBLE EXPENDITURES					
Salaries and Benefits	\$ -	\$ -	\$ -	\$ -	\$0
Professional, Scientific, Technical and Contracting Services	\$ -	\$ -	\$ -	\$ -	\$0
Travel, including Meals and Accommodations	\$ -	\$ -	\$ -	\$ -	\$0
Capital Expenditures for Equipment and Products	\$ -	\$ -	\$ -	\$ -	\$0
Other Expenses	\$ -	\$ -	\$ -	\$ -	\$0
Total by Fiscal Year:	\$0	\$0	\$0	\$0	
Total Eligible Expenditures					\$0
INELIGIBLE COSTS					
INELIGIBLE EXPENDITURES					
Ineligible Expenditure Description 1 (specify)	\$ -	\$ -	\$ -	\$ -	\$0
Ineligible Expenditure Description 2 (specify)	\$ -	\$ -	\$ -	\$ -	\$0
Ineligible Expenditure Description 3 (specify & insert or	\$ -	\$ -	\$ -	\$ -	\$0
Total Ineligible Expenditures					\$0
IN-KIND COSTS					
In-Kind Description 1 (specify)	\$ -	\$ -	\$ -	\$ -	\$0
In-Kind Description 2 (specify)	\$ -	\$ -	\$ -	\$ -	\$0
In-Kind Description 3 (specify & insert or delete rows as	\$ -	\$ -	\$ -	\$ -	\$0
Total In-Kind Costs					\$0
Total Ineligible Costs					\$0
Total Project Costs					\$0

Source of Contributions:	Percentage (%)	Cash (\$)	In-Kind (\$)	Total (\$)
Canada	#DIV/0!	0	N/A	0
The Proponent	#DIV/0!	0	0	0
(Insert other Government 1)	#DIV/0!	0	0	0
(Insert other Government 1)	#DIV/0!	0	0	0
(Insert other Contributor name)	#DIV/0!	0	0	0
(Insert other Contributor name)	#DIV/0!	0	0	0
(Insert other Contributor name)	#DIV/0!	0	0	0
TOTAL	#DIV/0!	\$0	\$0	\$0

NOTE: the following limitations apply to the approved budget above:

- a) In accordance with the departmental GST/PST/HST certification form, the reimbursable Provincial Sales Tax, the Goods and Services Tax and Harmonized Sales Tax costs must be net of any tax rebate to which the Proponent is entitled.

- b) “Salaries and benefits” costs are for employees on the payroll of the Proponent for the actual time spent by the employees on the Project, limited to twenty percent (20%) of the Contribution.
 - c) Travel expenditures, directly required for the delivery of the Project, including meals and accommodations, are to be based on National Joint Council Rates.
 - d) “Capital expenditures for equipment and products” include the purchase, installation, testing and commissioning of qualifying equipment, material and products, as well as diagnostic and testing tools and instruments, and original equipment manufacturer warranty (including extended warranties where deemed appropriate to mitigate risk and lack of capacity).
 - e) “Other expenses” can include the following:
 - a. Costs associated with an Indigenous ceremony, translation costs and honoraria for Indigenous Elder participation in ceremonies (not to exceed \$500 per Elder), where the Proponent is an Indigenous organization.
 - f) Ineligible costs, which are not Eligible Expenditures for reimbursement but may be considered towards Total Project Costs, can include:
 - a. Costs for work completed by federal laboratories;
 - b. Salary expenses in excess of twenty percent (20%) of the Contribution;
 - c. Costs associated with federal Impact Assessment processes or other applicable environmental legislation;
 - d. Legal costs deemed necessary for the Project but excluding negotiation with the federal government;
 - e. Hospitality costs deemed necessary for the Project, such as food and beverage for Project meetings; and
 - f. Overhead expenditures, directly related to the conduct of the Project, limited to fifteen percent (15%) of total Eligible Expenditures.
 - g) In-kind costs are those contributions of goods or services provided by the Proponent or other contributors that are considered towards Total Project Costs; however; they are not Eligible Expenditures.
 - h) The following costs are not Eligible Expenditures, nor considered towards Total Project Costs:
 - a. Project Proposal preparation costs;
 - b. Land acquisition, including land lease expenses, office rent and associated real estate fees;
 - c. Tax preparation costs and financial statement reporting;
 - d. Financing charges, interest payments and late fees on Project loans;
 - e. Funding to support equity shares in Project ownership;
 - f. Legal costs related to negotiation with federal government;
 - g. Hospitality (such as gifts), markup fees and any other costs deemed unnecessary for the implementation of the Project, including ongoing operating and maintenance costs;
 - h. Salary benefits and incentives deemed unrelated to the Project, such as employee bonuses and overtime;
 - i. Costs associated with the protection of Intellectual Property; and
 - j. Costs incurred before (insert start date from *Total Project Costs* definition) or after the Project Completion Date.
2. Notwithstanding Article 25 (Amendments), provided the Contribution for any given Fiscal Year is not exceeded, the Proponent may adjust any cost allocated by Eligible Expenditure as listed above by up to Twenty percent (20%) of that cost without providing notice to Canada. At the time of submitting a claim for payment, the Proponent must provide Canada with a revised budget.

The Proponent may submit a written request to Canada to make an adjustment greater than Twenty percent (20%). The request must include a revised budget. This request is subject to the approval in writing by Canada's representative identified in Article 24 (Notices).