

SCHEDULE 1-4

POWER PURCHASE AGREEMENT

between

KEEYASK HYDROPOWER LIMITED PARTNERSHIP,

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD.

DATED ●.

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SCHEDULE 1-4

POWER PURCHASE AGREEMENT

THIS MEMORANDUM OF AGREEMENT made this • day of •, •.

BETWEEN:

KEEYASK HYDROPOWER LIMITED PARTNERSHIP,
(hereinafter referred to as the “**Limited Partnership**”),

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD,
(hereinafter referred to as “**Hydro**”).

This **PPA** witnesses that in consideration of the covenants and agreements herein contained the parties to this **PPA** agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Defined Terms**

For the purposes of this **PPA**, the following terms, when the first letter is capitalized and the term is in bold, shall have the respective meanings set out below, and grammatical variations shall have corresponding meanings:

“**Adjustments**” means particulars of the determinations, allocations or adjustments made by **Hydro** pursuant to sections 2.2(1)(b), (c), and (d) and 2.2(3)(b), (c) and (d) respectively.

“**Applicable Reliability Organization**” means any reliability standards organization whose standards **Hydro** (or an affiliate of **Hydro**) has contracted to adhere to, or with which **Hydro** (or an affiliate of **Hydro**) must comply as a condition of doing business in or with a region, or which has authority to set standards in the region in which the **Keeyask Generating Station** is located.

“**Bipole III**” means the proposed new **HVDC** transmission line contemplated to be constructed by **Hydro** in the Province of Manitoba and generally known as Bipole III, and all associated convertor stations and communication-related facilities and high voltage alternating current transmission lines required to connect such facilities to the rest of the **Integrated Power System**, and all switching, transformer stations and related works to be located at the northern and southern terminals of the proposed new **HVDC** transmission line and such additional high voltage alternating current transmission lines and facilities that are constructed as part of the proposed new **HVDC** transmission line, without regard to the inclusion of the **Keeyask Generating Station** as part of the **Integrated Power System**.

“**Business**” means the business and affairs of the **Limited Partnership** and includes the completion of the planning and the design and the ownership, construction, operation maintenance and control of the **Keeyask Project** and any activities incidental or related thereto, carried on with a view to earning a profit.

“**Business Day**” means a day on which banks are open for business in the City of Winnipeg, but does not include a Saturday, Sunday or statutory holiday in the Province of Manitoba.

“**Canadian Dollars**” and “**\$**” each mean lawful money of Canada.

“**CNP**” means **TCN** and **War Lake**.

“**Commissioning Energy**” means for any particular month prior to the **In-Service Date** for any of the **Generator Units** an amount expressed in **MWh** and calculated according to the following formula:

$$A \times (1 - B)$$

where,

- A is the aggregate amount of actual energy generated by a **Generator Unit** and delivered to **Hydro** at the **Point of Interconnection** prior to the **In-Service Date** of that **Generator Unit** during the applicable period of time; and
- B is the **Hydro High Voltage Transmission System Energy Losses** incurred for the applicable month.

“**Commissioning Rate**” means for any particular month, a rate determined on a **Canadian Dollar per MWh** basis that is equal to:

$$A \times B$$

where:

- A is the **Off-Peak Rate** determined for that particular month in accordance with section 2.2(3); and
- B is sixty (60%) percent.

“**Construction Agreement**” means the agreement dated the same date as this **PPA** between the **Limited Partnership** and **Hydro**, as **Project Manager**, whereby **Hydro**, either directly or indirectly through subcontractors will plan, design, engineer, construct and commission the **Keeyask Project**.

“**Construction Conditions**” means those conditions described in subsection 8.1.4 of **JKDA** to be satisfied prior to the **Limited Partnership** commencing construction of the **Keeyask Project**.

“**Construction Notice**” means a notice in writing to be given by **Hydro** pursuant to subsection 8.1.3 of the **JKDA** confirming that in its opinion all of the **Construction Conditions** have been satisfied and specifying a **Construction Start Date** not earlier than forty-five (45) days from the date of the notice.

“**Construction Start**” means the commencement of construction on the access road or camp infrastructure for the **Keeyask Project**.

“**Construction Start Date**” means the date specified in the **Construction Notice** on or after which, subject to the terms of the **JKDA**, a **Construction Start** may occur.

“**Energy Charge**” means the compensation determined to be payable by **Hydro** to the **Limited Partnership** under section 2.2 for the **Net Actual Generation** delivered to **Hydro** at the **Point of Interconnection**.

“**Environmental Benefits and Attributes Review**” means a review conducted in accordance with Article 18 of the **JKDA** to determine if all of the applicable sales by **Hydro** (or an affiliate of **Hydro**) of the applicable **Integrated Power System Environmental Benefits and Attributes** were included in the determination of **Energy Charge** and if not, to determine what additional amount should be added to the **Energy Charge** and paid to the **Limited Partnership**.

“**Equivalent Canadian Dollar Amount**” means, on any day with respect to any amount of **U.S. Dollars**, the equivalent amount of **Canadian Dollars** determined by using the Bank of Canada noon spot rate quoted by the “CDCFUSD index” in Bloomberg to provide **Canadian Dollars** in exchange for **U.S. Dollars** at approximately 12 noon (Toronto time) on such day.

“**Expert**” means an expert appointed pursuant to the **JKDA** to conduct an **Environmental Benefits and Attributes Review, On-Peak Transactions and Off-Peak Transactions Review, PPA Amendment Review** or a **Transaction Adjustment Review**.

“**Export and Import Transactions**” means all agreements or undertakings between **Hydro** and a **Person** (other than an affiliate of **Hydro**), or between an affiliate of **Hydro** and a **Person**, other than **Hydro** (or another affiliate of **Hydro**) for:

- (a) the sale of energy and/or making capacity available, provided **Hydro** (or an affiliate of **Hydro**) is pursuant to the agreement or undertaking exporting energy and/or making capacity available from the **Integrated Power System**, to **Markets** outside of the Province of Manitoba. For greater certainty the agreements or undertakings shall also include those agreements or undertakings where **Hydro** (or an affiliate of **Hydro**):
 - (i) may have the right or the ability under the said agreement or undertaking, to supply the energy and/or make the capacity available from **Markets** available to **Hydro** (or an affiliate of **Hydro**); and/or
 - (ii) the energy was supplied from **Markets** available to **Hydro** (or an affiliate of **Hydro**); and/or
 - (iii) the capacity was made available from **Markets** available to **Hydro** (or an affiliate of **Hydro**),

provided that the energy to be supplied and/or the capacity to be made available under the said agreement or undertaking could reasonably have been physically accessed by **Hydro** (or an affiliate of **Hydro**) from the **Integrated Power System**; and/or

- (b) the purchase of energy and/or capacity being made available, provided **Hydro** (or an affiliate of **Hydro**) is pursuant to the agreement or undertaking importing energy and/or capacity to the **Integrated Power System**, from **Markets** outside of the Province of Manitoba; and/or
- (c) the sale of the **Integrated Power System Environmental Benefits and Attributes**, provided **Hydro** (or an affiliate of **Hydro**) is pursuant to the agreement or undertaking selling, to **Markets** outside the Province of Manitoba, the **Integrated Power System Environmental Benefits and Attributes**.

“**First Completion Date**” means the date on which the first of the turbines comprising the **Keeyask Generating Station** is fully commissioned and comes into service, as evidenced by a commissioning certificate issued in respect of that unit by **Hydro’s** commissioning engineer, or such earlier or later date as may be agreed to by the parties to the **JKDA**.

“**First Operating Month**” means the month during which the first **Generator Unit** is **In-Service**.

“**Force Majeure**” means an event or circumstance or series of them, beyond the reasonable control of the party that invokes it, which makes it impossible or illegal for such party to perform its obligation, including, in the event of the forgoing, acts of God, unusually severe weather conditions, strikes or other labour difficulties, war, riots, as well as requirements imposed or actions taken by, or failures to act on the part of **Governmental Authorities** despite due diligence of such party, as well as accidents, fires, damages to or breakdowns of necessary facilities that are not in any case as a result of negligence of such party, or transportation delays, but lack of funds or economic hardship shall not be considered an event or circumstance not within the control of such party.

“**Fox Lake**” means Fox Lake Cree Nation.

“**GAAP**” means accounting principles generally accepted in Canada as recommended by the Canadian Accounting Standards Board or any successor **Person** at such time, applied on a basis consistent with the accounting practices of **Hydro** in effect from time to time.

“**General Partner**” means • in its capacity as the general partner of the **Limited Partnership** pursuant to the terms of the **LP Agreement**.

“**Generator Units**” means the units, each consisting of a vertical-shaft, fixed blade propeller-type turbine and vertical umbrella-type generator to be installed as part of the **Keeyask Project** pursuant to the **Construction Agreement**.

“**Governmental Authority**” means any federal, provincial, local or other governmental, regulatory or administrative agency, court, commission, department, board or other governmental subdivision, legislature, rulemaking board, tribunal, or arbitration body having jurisdiction over either party to this **PPA**.

“**Guarantee Fee**” means for any particular day, the fee, expressed as a percentage rate per annum, charged as of such day by **Manitoba** to **Hydro**, as a fee that is applicable to **Manitoba’s** guarantee of **Hydro’s Canadian Dollar** borrowings.

“**GWh**” means gigawatt-hours, being one million kilowatt hours of electrical energy.

“**HVAC**” means high voltage alternating current.

“**HVDC**” means high voltage direct current.

“**Hydro**” means The Manitoba Hydro-Electric Board, a Crown corporation continued by the **Hydro Act**.

“**Hydro Act**” means *The Manitoba Hydro Act* (Manitoba), as amended from time to time.

“**Hydro Contractual Obligation**” means any provision of any agreement, instrument or written undertaking to which **Hydro** (or an affiliate of **Hydro**) is a party or by which **Hydro** (or an affiliate of **Hydro**) or any of **Hydro’s** (or an affiliate of **Hydro**) property is bound, the violation

of which is reasonably likely to materially impact on the **Integrated Power System** and/or the **Tie Lines**.

“**Hydro Fiscal Year**” means, the fiscal year of **Hydro**, currently commencing on April 1 of each calendar year and ending on March 31 of the next calendar year.

“**Hydro High Voltage Transmission System**” means that portion of the **Hydro Transmission System**, designated as such, from time to time, by **Hydro**, acting reasonably.

“**Hydro High Voltage Transmission System Energy Losses**” means the transmission energy losses incurred by the **Hydro High Voltage Transmission System** during a particular month in a **Hydro Fiscal Year**, which losses shall be determined according to the following formula:

$$(A - B) \div A$$

where,

A is the energy generated and delivered to the **Hydro High Voltage Transmission System** for the applicable particular month in the **Hydro Fiscal Year**, from all of the generation facilities that form part of the **Integrated Power System**, which shall be determined by **Hydro** measuring the generation and delivery of that energy expressed in **GWh**; and

B is the energy delivered from the **Hydro High Voltage Transmission System**, for the applicable particular month in the **Hydro Fiscal Year**, to other parts of the **Hydro Transmission System**, which shall be determined by **Hydro** measuring that energy at exit points, selected by **Hydro**, acting reasonably, from the **Hydro High Voltage Transmission System**, expressed in **GWh**.

“**Hydro Metering Equipment**” means the metering equipment of revenue quality provided and installed by **Hydro** for the **Keeyask Generating Station**.

“**Hydro Transmission System**” means the transmission facilities owned and operated or operated by **Hydro** which are a component of the **Integrated Power System**.

“**Initial Closing**” means the completion of the **Initial Closing Transaction** on the **Initial Closing Date**.

“**Initial Closing Conditions**” means all of the conditions to be satisfied prior to or on the **Initial Closing**, as set forth in Article 16 of the **JKDA**.

“**Initial Closing Date**” means the first **Business Day** that is thirty (30) days following the delivery of a **Construction Notice** by **Hydro**, or such earlier or later date as the parties to the **JKDA** may agree.

“**Initial Closing Transaction**” means all of the transaction steps to occur and the matters and things to be done or performed on the **Initial Closing Date** as set forth in section 4.4 of the **JKDA**, subject to the satisfaction of the **Initial Closing Conditions**.

“**In-Service**” means, in respect of a **Generator Unit**, when that particular **Generator Unit** is fully commissioned and comes into service as evidenced by a commissioning certificate issued in respect of that unit by **Hydro’s** commissioning engineer.

“**In-Service Date**” means, in respect of a particular **Generator Unit**, the date on which the particular **Generator Unit** is **In-Service**.

“**Integrated Power System**” means the system of hydraulic, thermal and other electric generation and power transmission facilities in the Province of Manitoba owned and operated or operated by **Hydro** or from which **Hydro** purchases the energy generated by that facility, which system is interconnected with other power systems, which for greater certainty does not include the **Tie-Lines** interconnecting such system with the other power systems.

“**Integrated Power System Environmental Benefits and Attributes**” means the environmental and other related credits, offsets, allowances or benefits that are attributable to or associated with the generating stations of the **Integrated Power System** and/or with the energy that was sold and delivered from the said generating stations including air emissions credits and emission reduction credits, offsets, allowances or benefits whether promulgated by a **Governmental Authority** or by or through any other means whether they are now available or may become available in the future.

“**Interconnection and Operating Agreement**” means an agreement or agreements including any study agreements or letter agreements and any amendments to such agreements to be entered into between **Hydro** (Power Supply Business Unit) and **Hydro** (Transmission and Distribution Business Unit) and assigned to the **Limited Partnership** on **Initial Closing** whereby the **Keeyask Project** will be interconnected with the **Integrated Power System**, which agreement shall be in the form published for use under the **Open Access Tariff**, at the time the same is to be entered into, and any amendments thereto.

“**Interconnection Credit Project Rate**” means the fixed rate of interest per annum established pursuant to the provisions of the **Project Financing Agreement**.

“**JKDA**” means the Joint Keeyask Development Agreement dated • made between each of the **Keeyask Cree Nations** and **Hydro**.

“**Keeyask Cree Nations**” means **TCN** and **War Lake**, operating as **CNP**, **York Factory** and **Fox Lake**.

“**Keeyask Environmental Benefits and Attributes**” means all environmental and other related credits, offsets, allowances or benefits that are attributable to or associated with the **Keeyask Project** and/or with the energy generated by the **Keeyask Generating Station** including air emissions credits and emission reduction credits, offsets, allowances or benefits whether promulgated by a **Governmental Authority** or by or through any other means whether they are now available or may become available in the future.

“**Keeyask Generating Station**” means the proposed hydro-electric generating station forming part of the **Keeyask Project** and consisting of a complex of structures, including the powerhouse, spillway, dam, dyke and transition structures, used in the production of electricity.

“**Keeyask Project**” means the **Keeyask Generating Station** and all related works, excluding the **Keeyask Transmission Project** and **Bipole III**, but including all channels, excavations, camps, storage areas, local roads and access roads, to be located in the vicinity of Gull Rapids, just upstream from the point at which the Nelson River flows into Stephens Lake, all of which are more particularly described in the **Project Description** and which, if built, will contribute approximately six hundred and ninety-five (695) MW, at rated capacity, to the **Integrated Power System**.

“**Keeyask Transmission Facilities**” means all incremental transmission facilities and incremental communication-related facilities to be constructed to connect with the **Keeyask Project**, excluding **Bipole III**, but including all northern high voltage alternating current collector transmission lines, switching and transformer stations and related works, as determined by **Hydro** (Transmission and Distribution Business Unit), required to connect the **Keeyask Project** to **Bipole III** and all north south alternating current transmission lines, switching and transformer stations and related works, as determined by **Hydro** (Transmission and Distribution Business Unit).

“**Keeyask Transmission Facilities Additional Costs Contribution**” means the amount of one hundred and fifteen million (\$115,000,000) dollars in 2018 dollars, as a contribution towards the additional capital costs of the **Keeyask Transmission Facilities**, which amount will be adjusted for inflation by the cumulative percentage change in the Consumer Price Index (Manitoba) using a base year of 2017, until the forty-fifth anniversary of the **First Completion Date**.

“**Keeyask Transmission Facilities Initial Costs Contribution**” means the amount of one hundred and thirteen million (\$113,000,000) dollars as a contribution towards the initial capital costs of the **Keeyask Transmission Facilities** if the **First Completion Date** occurs prior to December 31, 2018 and if the **First Completion Date** occurs later than December 31, 2018, the one-hundred and thirteen million (\$113,000,000) dollars will be adjusted for inflation by the cumulative percentage increase in the Consumer Price Index (Manitoba) using a base year of 2017, until the date the **First Completion Date** occurs.

“**Keeyask Transmission Northern HVAC Collector Facilities**” means all of the incremental northern high voltage alternating current collector transmission lines, and associated stations and related works, as determined by **Hydro** (Transmission and Distribution Business Unit), required for the **Keeyask Generating Station** but not otherwise required for **Bipole III**. For greater certainty this will include:

- (a) transmission lines from the **Keeyask Generating Station** powerhouse to the **Keeyask Generating Station** substation;
- (b) the **Keeyask Generating Station** substation which will include switches, circuit breakers, and related works;
- (c) transmission lines from the **Keeyask Generating Station** substation to the applicable **HVDC** convertor station(s); and

- (d) additional switches, circuit breakers, and related works required at the applicable HVDC convertor station(s) to accommodate the **Keeyask Generating Station**.

“**Keeyask Transmission Project**” means **Hydro’s** proposed project to develop the **Keeyask Transmission Facilities**.

“**Laws**” means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the **Person** referred to in the context in which such word is used.

“**Licences**” means all authorizations, approvals, consents, registrations and certificates required by any **Governmental Authority** for the construction, operation or maintenance of the **Keeyask Project**.

“**Limited Partnership**” means the Keeyask HydroPower Limited Partnership created pursuant to the **LP Agreement** to carry on the **Business**.

“**Limited Partnership Contractual Obligation**” means any material provision of any material agreement, instrument or undertaking to which the **Limited Partnership** is a party or by which it or any of its property is bound, the violation of which could materially impact on the **Integrated Power System** and/or the **Tie Lines** and for greater certainty includes the provisions of Article 9 of the **JKDA** and the provisions of the **Interconnection and Operating Agreement**.

“**LP Agreement**” means the limited partnership agreement, dated • between the **General Partner, Hydro**, the Cree Nation Partners Limited Partnership, FLCN Keeyask Investments Inc., and the York Factory First Nation Limited Partnership.

“**Manitoba**” means Her Majesty the Queen in Right of Manitoba.

“**Markets**” means:

- (a) a centrally operated structure or structures bringing together buyers and sellers to facilitate the exchange of wholesale electricity products and/or related services, including environmental credits, offsets, allowances or benefits that are attributable to or associated with electricity products; and/or
- (b) the available buyers and sellers for wholesale purchases and sales of electricity products and/or related services, including environmental credits, offsets, allowances or benefits that are attributable to or associated with electricity products, on a bilateral basis.

“**MW**” means megawatts, being one million watts of electricity.

“**MWh**” means megawatt-hours, being one million watt hours of electrical energy.

“**Net Actual Generation**” means for any particular month the total of the **Net Actual Off-Peak Energy** and **Net Actual On-Peak Energy**.

“**Net Actual Off-Peak Energy**” means for any particular month an amount expressed in **MWh** and calculated according to the following formula:

$$A \times (1 - B)$$

where,

A is the actual energy generated by the **Keeyask Project** from each **Generator Unit** after its **In-Service Date**, measured in **MWh**, less any energy generated which is used for the **Keeyask Project’s** station service or auxiliaries, that is delivered during the **Off-Peak Hours** to **Hydro** at the **Point of Interconnection** during the applicable month; and

B is the **Hydro High Voltage Transmission System Energy Losses** incurred for the applicable month.

“**Net Actual On-Peak Energy**” means for any particular month an amount expressed in **MWh** and calculated according to the following formula:

$$A \times (1 - B)$$

where,

A is the actual energy generated by the **Keeyask Project** from each **Generator Unit** after its **In-Service Date**, measured in **MWh**, less any energy generated which is used for the **Keeyask Project’s** station service or auxiliaries, that is delivered during the **On-Peak Hours** to **Hydro** at the **Point of Interconnection** during the applicable month; and

B is the **Hydro High Voltage Transmission System Energy Losses** incurred for the applicable month.

“**Off-Peak Hours**” means the period of time which is not included in the **On-Peak Hours**.

“**Off-Peak Rate**” means for any particular month, a rate determined on a **Canadian Dollar** per **MWh** basis, in accordance with section 2.2(3), that is equal to one hundred and four (104%) percent of the monthly weighted average adjusted amount **Hydro** (or an affiliate of **Hydro**) as purchaser is obligated to pay for the energy purchased pursuant to the **Off-Peak Transactions** and **Hydro** (or an affiliate of **Hydro**) as seller is entitled to be paid for the energy and/or the applicable **Integrated Power System Environmental Benefits and Attributes** sold pursuant to the **Off-Peak Transactions**.

“**Off-Peak Transactions**” shall have the meaning specified in section 2.2(3)(b).

“**On-Peak Hours**” means the period of time between 6:00 a.m. and 10:00 p.m. central standard time, Monday through Friday, excluding holidays designated by the North American Electric Reliability Council or any successor agency.

“**On-Peak Rate**” means for any particular month, a rate determined on a **Canadian Dollar** per **MWh** basis in accordance with section 2.2(1), that is equal to one-hundred and four (104%) percent of the monthly weighted average adjusted amount **Hydro** (or an affiliate of **Hydro**) as purchaser is obligated to pay for the energy and/or capacity (including ancillary services) purchased pursuant to the **On-Peak Transactions** and **Hydro** (or an affiliate of **Hydro**) as seller is entitled to be paid for the energy and/or capacity (including ancillary services) and/or the applicable **Integrated Power System Environmental Benefits and Attributes** sold pursuant to the **On-Peak Transactions**.

“**On-Peak Transactions**” shall have the meaning specified in section 2.2(1)(b).

“**On-Peak Transactions and Off-Peak Transactions Review**” means a review conducted in accordance with Article 18 of the **JKDA** of the time period(s) as to when and if **Hydro** experiences a significant differential in energy prices, on a consistent basis, during certain hours of the day and certain days of the week for export transactions from the **Integrated Power System** to **Markets** outside the Province of Manitoba and for import transactions to the **Integrated Power System** from **Markets** outside of the Province of Manitoba.

“**Open Access Tariff**” means the Open Access Interconnection Tariff of **Hydro** (or an affiliate of **Hydro**), in effect, as amended or superseded from time to time, pursuant to which a generator is able to interconnect a new generation facility to the **Integrated Power System**.

“**Person**” means an individual, partnership, limited partnership, corporation, trust, unincorporated association, syndicate, joint venture, band within the meaning of the *Indian Act* (Canada) or other entity or a Crown corporation, agency, department, or instrumentality of the government of Canada or the government of any province or municipality in Canada.

“**Point of Interconnection**” means the point on the output (high voltage) side of the step up transformer located on the tail race deck of the **Keeyask Generating Station** at which each of the **Generator Units** connects to one of the transmission lines running from the **Keeyask Generating Station** to the switching station.

“**PPA**” means this Power Purchase Agreement and the Appendixes attached hereto and instruments in amendment or confirmation of it.

“**PPA Amendment Review**” means a review referred to in section 2.6(2), conducted in accordance with Article 18 of the **JKDA** to determine the amendments required to be made to the **PPA** due to **Hydro** (or an affiliate of **Hydro**) not having an agreement with the **Limited Partnership** to operate and maintain and/or to control and operate the **Keeyask Project**, including matters relating to the dispatch of the **Keeyask Generating Station**, on substantially the same terms and conditions as those contained in Article 9 of the **JKDA**.

“**Project Description**” means the detailed description of the **Keeyask Project**, attached as Schedule 7-1 to the **JKDA**.

“**Project Financing Agreement**” means an agreement dated the same date as this **PPA** between the **Limited Partnership** and **Hydro** whereby **Hydro** agrees to provide debt financing to the **Limited Partnership**.

“**Project Manager**” means **Hydro** in its capacity as project manager under the **Construction Agreement**.

“**TCN**” means Tataskweyak Cree Nation, formerly known as Split Lake Cree Nation.

“**Thirty Year Canada Bond Rate**” means, at any particular date, that rate of interest, expressed as a percentage rate per annum, which a non-callable Government of Canada bond denominated in **Canadian Dollars** would carry if issued on such date at 10:00 a.m., Winnipeg time, by the Government of Canada at one hundred (100%) percent of its principal amount for a term of thirty (30) years, with the rate of interest being determined by **Hydro** obtaining three (3) rate quotations for the yield on that date of publicly traded **Canadian Dollar** non-callable Government of Canada reference bonds with a thirty (30) year term, as adjusted by the financial institutions that have provided the three (3) rate quotations to reflect the assumed issue date, and the thirty (30) year term and using the median rate of the three (3) rate quotations obtained.

“**Thirty Year Manitoba Bonds**” means a non-callable bond of the Province of Manitoba denominated in **Canadian Dollars** issued by the **Manitoba** at one hundred (100%) of the principal amount for a term of thirty (30) years.

“**Thirty Year Rate**” means for any particular day, the rate of interest per annum equal to the sum of:

- (a) the **Thirty Year Canada Bond Rate**, as at 10:00 a.m. (Winnipeg time), for such day; and
- (b) the difference between the **Thirty Year Canada Bond Rate** in effect on that date and the rate of interest, expressed as a percentage rate per annum, for **Thirty Year Manitoba Bonds** had **Thirty Year Manitoba Bonds** been issued by **Manitoba** on that day, at 10:00 a.m., Winnipeg time, including commission costs, with the rate of interest being determined by **Hydro** obtaining three (3) rate quotations for **Thirty Year Manitoba Bonds** and using the median of the three (3) rate quotations obtained.

“**Tie-Lines**” means at any particular time, the transmission interconnection facilities which cross the border of the Province of Manitoba and any of the borders of Minnesota, North Dakota, Ontario, and Saskatchewan and which interconnect the **Integrated Power System** with other power systems in those states and provinces.

“**Transaction Adjustment Review**” means a review conducted in accordance with Article 18 of the **JKDA** of the **Adjustments** made by **Hydro** from time to time.

“**U.S. Dollars**” means lawful money of the United States of America.

“**War Lake**” means War Lake First Nation.

“York Factory” means the York Factory First Nation.

1.2 Interpretation

This **PPA** shall be interpreted in accordance with the following:

- (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) headings are inserted for convenience only and shall not affect the interpretation of this **PPA**, or any provisions hereof;
- (c) references to dollars, unless otherwise specifically indicated, shall be references to **Canadian Dollars**;
- (d) the word “including” shall mean “including without limitation” and “includes” shall mean “includes without limitation”;
- (e) the expressions and expressions of similar meaning shall mean “the aggregate”, “the total”, “the sum” “the aggregate (or total or sum) without duplication”;
- (f) in the computation of periods of time, unless otherwise expressly provided, the word “from” means “from and including” and the words “to” and “until” mean “to but excluding”;
- (g) accounting terms not specifically defined shall be construed in accordance with **GAAP**;
- (h) “hereof”, “hereto” and “hereunder” and similar expressions refer to this **PPA** and not to any particular Article, section or other subdivision;
- (i) “Article”, “section” or other subdivision of this **PPA** followed by a number refers to the specified Article, section or other subdivision of this **PPA**; and
- (j) the words “shall” and “will” when used in this **PPA** are each obligatory in nature.

1.3 Severability

If any term or other provision of this **PPA** is invalid, illegal or incapable of being enforced by any rule or law, or public policy, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party to this **PPA**, all other conditions and provisions of this **PPA** shall nevertheless remain in full force and effect, in which event the parties to this **PPA** shall negotiate in good faith to modify this **PPA** so as to effect the original intent of the parties to this **PPA** as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

1.4 Entire Agreement

This **PPA** supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties to this **PPA** relating to the subject matter hereof and entered into prior to the date of this **PPA**.

1.5 Waiver

No failure on the part of a party to this **PPA** to exercise, and no delay in exercising, any right under this **PPA** shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this **PPA** preclude any other or further exercise thereof or the exercise of any other right; nor shall any waiver of one provision be deemed to constitute a waiver of any other provision (whether or not similar). No notice to or demand on either party to this **PPA** in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver of any of the provisions of this **PPA** shall be effective unless it is in writing duly executed by the waiving party to this **PPA**.

1.6 No Presumption

The parties to this **PPA** have endeavoured to ensure that the terms of this **PPA** are as clear as possible and in interpreting this **PPA** there shall be no presumption in favour of or against any party to this **PPA**.

1.7 Governing Law

This **PPA** shall be governed by, and interpreted in accordance with, the laws of Manitoba and the federal laws of Canada applicable therein.

1.8 Conflicts

If a conflict or inconsistency exists between a provision of this **PPA** and a provision of any other agreement entered into in conjunction with the **Keeyask Project**, then the provisions of this **PPA** shall prevail. Notwithstanding the foregoing, if there is any right or remedy of a party to this **PPA** set out in any other agreement entered into in conjunction with the **Keeyask Project** which is not set out or provided for in this **PPA**, such additional right or remedy shall not constitute a conflict or inconsistency.

1.9 Incorporation of Appendixes

The following Appendixes are attached to and form part of this **PPA**:

Appendix A - Sample calculation for payment for **Net Actual On-Peak Energy**

Appendix B - Notices

ARTICLE 2

SALE AND PURCHASE

2.1 Energy and Capacity

- (1) Subject to the terms and conditions of this **PPA**, the **Limited Partnership** agrees during the term of this **PPA** to sell and **Hydro** agrees to purchase all of the energy and capacity of the **Keeyask Project**, which for greater certainty includes all ancillary services associated with the **Keeyask Generating Station** and all of the **Keeyask Environmental Benefits and Attributes**.
- (2) The **Limited Partnership** agrees that during the term of this **PPA** it shall not enter into any agreement or instrument or undertake to sell and it shall not sell any energy from or the capacity of the **Keeyask Project**, including any of the ancillary services and any of the **Keeyask Environmental Benefits and Attributes**, to any **Person** other than **Hydro**.

2.2 Energy Charge

The **Limited Partnership** shall be paid by **Hydro** for the energy and capacity of the **Keeyask Project** (with the exception of **Commissioning Energy** where the amount to be paid shall be determined in accordance with section 2.5) including the **Keeyask Environmental Benefits and Attributes**, on a **Canadian Dollar per MWh** basis, determined in the following manner:

On-Peak Energy

- (1) **Hydro** shall pay to the **Limited Partnership** in the manner hereinafter set forth, subject to the adjustments provided for in this **PPA** and the set-off of all amounts the **Limited Partnership** is obligated to pay to **Hydro** pursuant to the provisions of sections 3.1(6) and 3.2, for the total of the **Net Actual On-Peak Energy** delivered to **Hydro** during any particular **Hydro Fiscal Year** during the term of this **PPA**. The amount to be paid shall be based on the **On-Peak Rate**, which **On-Peak Rate** shall be determined for each month of the applicable **Hydro Fiscal Year**, (with the exception of the **Hydro Fiscal Year** in which the **First Operating Month** occurs, where the **On-Peak Rate** shall be calculated only for the **First Operating Month** and for those months occurring after the **First Operating Month**) in the following manner:
 - (a) the **On-Peak Rate** shall be calculated based on and using the time period from the first day of the particular month for which the **On-Peak Rate** is being determined to and including the last day of the particular month for which the **On-Peak Rate** is being determined;
 - (b) **Export and Import Transactions** shall be used to calculate the **On-Peak Rate** for each month. The **Export and Import Transactions** to be used in this

calculation shall consist of those **Export and Import Transactions** or portions thereof, where:

- (i) the energy sold or purchased pursuant to each of those transactions or portions thereof was delivered or if not delivered, was made available (but only for those transactions where the purchaser was required to pay for the energy once it was made available without regard to whether it actually took delivery of the energy) during the **On-Peak Hours** of the applicable month; and/or
- (ii) the capacity, including ancillary services, was made available during any hour of the day, during the applicable month; and/or
- (iii) the **Integrated Power System Environmental Benefits and Attributes** were sold in respect of or related to the **On-Peak Hours** of the applicable month and/or with respect to the system energy, the system energy was delivered from the said generating stations during the **On-Peak Hours** of the applicable month,

based on the records maintained by **Hydro** for each of those transactions, in accordance with the provisions of each of those transactions, (collectively the “**On-Peak Transactions**”);

- (c) if **Hydro** (or an affiliate of **Hydro**), as seller is entitled to be paid or as purchaser is obligated to pay, in **U.S. Dollars** pursuant to any of the **On-Peak Transactions**, the amounts shall be converted to **Canadian Dollars** (prior to the adjustments referred to in this section 2.2(1)(d)), by reference to the **Equivalent Canadian Dollar Amount** on the last **Business Day** of the month, during which the entitlement to be paid, or the obligation to pay the said amount arises;
- (d) the amounts that **Hydro** (or an affiliate of **Hydro**), as seller is entitled to be paid plus the amounts that **Hydro** (or an affiliate of **Hydro**), as purchaser is required to pay for the energy and/or the capacity, including ancillary services and/or **Integrated Power System Environmental Attributes and Benefits** pursuant to the **On-Peak Transactions**, shall be used to calculate the **On-Peak Rate**. These amounts shall be adjusted by **Hydro**, so that they are net of charges or credits applicable to, or allocated by **Hydro**, to the **On-Peak Transactions**, and where the charges or credits are in **U.S. Dollars**, the amounts shall be converted to **Canadian Dollars** by reference to the **Equivalent Canadian Dollar Amount** on the last **Business Day** of the month, during which the obligation to pay the said amount arises or the obligation to receive the said credit arises. These adjustments shall not include an adjustment for **Hydro’s** (or an affiliate of **Hydro**) administrative and general overhead costs, and expenses or any costs or expenses that **Hydro** has been reimbursed for, pursuant to other provisions of this **PPA** or the **JKDA**. These adjustments shall include a reduction for the actual costs and expenses applicable to or allocated by **Hydro**, acting reasonably, to the **On-Peak Transactions** that **Hydro** (or an affiliate of **Hydro**) has incurred:

- (i) which were reasonably necessary to provide **Hydro** (or an affiliate of **Hydro**) with access to the **Markets** outside of the Province of Manitoba; and/or
 - (ii) which were reasonably necessary to facilitate **Hydro** (or an affiliate of **Hydro**) entering into **Export and Import Transactions**; and/or
 - (iii) under or pursuant to or in respect of the **On-Peak Transactions**, including actual costs and expenses incurred as part of any of the **On-Peak Transactions** or incurred pursuant to an agreement with another **Person**, that **Hydro** incurred due to the risk **Hydro** assumed or incurred in entering into any of the **On-Peak Transactions**; and
- (e) the **On-Peak Rate** shall be expressed in **Canadian Dollars** per **MWh** and shall be calculated according to the following formula:

$$((A + B) \div C) \times D$$

where,

- A is the total amount that **Hydro** (or an affiliate of **Hydro**), as seller, is entitled to be paid, pursuant to the **On-Peak Transactions**, determined in accordance with and subject to the adjustments referred to in this section 2.2(1);
- B is the total amount that **Hydro** (or an affiliate of **Hydro**), as purchaser, is required to pay, pursuant to the **On-Peak Transactions**, determined in accordance with and subject to the adjustments referred to in this section 2.2(1);
- C is the total energy that was sold or purchased and was delivered or made available pursuant to the **On-Peak Transactions**, determined in accordance with this section 2.2(1); and
- D is 1.04.

(2) The amount to be paid to the **Limited Partnership** for the **Net Actual On-Peak Energy** delivered to **Hydro** during any particular month shall be determined as follows:

- (a) **Hydro** shall provide the **Limited Partnership** within ten (10) **Business Days** of the last day of the particular month with the **On-Peak Rate** calculated for that month. The amount to be paid shall, subject to subsequent adjustment, if any, pursuant to Article 5, and the set-off of all amounts the **Limited Partnership** is obligated to pay to **Hydro** pursuant to the provisions of sections 3.1(6) and 3.2, be calculated according to the following formula:

$$A \times B$$

where,

- A is the **On-Peak Rate** determined for the applicable month; and
- B is the total of the **Net Actual On-Peak Energy** delivered to **Hydro** during the applicable month.

An example of the amount to be paid by **Hydro** through application of this formula is set out in Appendix A. It includes the calculation of the **On-Peak Rate** in accordance with section 2.2(1). It is provided for illustration purposes only without reference to subsequent adjustment, if any, pursuant to Article 5, and the set-off of all amounts the **Limited Partnership** is obligated to pay to **Hydro** pursuant to the provisions of sections 3.1(6) and 3.2.

Off-Peak Energy

- (3) **Hydro** shall pay to the **Limited Partnership** in the manner hereinafter set forth, subject to the adjustments provided for in this **PPA** and the set-off of all amounts the **Limited Partnership** is obligated to pay to **Hydro** pursuant to the provisions of sections 3.1(6) and 3.2, for the total of the **Net Actual Off-Peak Energy** delivered to **Hydro** during any particular **Hydro Fiscal Year** during the term of this **PPA**. The amount to be paid shall be based on the **Off-Peak Rate**, which **Off-Peak Rate** shall be determined for each month of the applicable **Hydro Fiscal Year**, (with the exception of the **Hydro Fiscal Year** in which the **First Operating Month** occurs, where the **Off-Peak Rate** shall be calculated only for the **First Operating Month** and for those months occurring after the **First Operating Month**) in the following manner:
 - (a) the **Off-Peak Rate** shall be calculated based on and using the time period from the first day of the particular month for which **Off-Peak Rate** is being determined to and including the last day of the particular month for which the **Off-Peak Rate** is being determined;
 - (b) **Export and Import Transactions** shall be used to calculate the **Off-Peak Rate** for each month. The **Export and Import Transactions** to be used in this calculation shall consist of those **Export and Import Transactions** or portions thereof, where:
 - (i) the energy sold or purchased pursuant to each of those transactions or portions thereof was delivered or if not delivered, was made available (but only for those transactions where the purchaser was required to pay for the energy once it was made available without regard to whether it actually took delivery of the energy) during the **Off-Peak Hours** of the applicable month; and/or
 - (ii) the **Integrated Power System Environmental Benefits and Attributes** were sold in respect of or related to the **Off-Peak Hours** of the applicable month and/or with respect to the system energy, the system energy was

delivered from the said generating stations during the **Off-Peak Hours** of the applicable month,

based on as the records maintained by **Hydro** for each of the transactions, in accordance with the provisions of those transactions (collectively the “**Off-Peak Transactions**”);

- (c) if **Hydro** (or an affiliate of **Hydro**), as seller is entitled to be paid or as purchaser is obligated to pay, in **U.S. Dollars** pursuant to any of the **Off-Peak Transactions**, the amounts shall be converted to **Canadian Dollars** (prior to the adjustments referred to in this section 2.2(3)(d)), by reference to the **Equivalent Canadian Dollar Amount** on the last **Business Day** of the month, during which the entitlement to be paid, or the obligation to pay the said amount arises;
- (d) the amounts that **Hydro** (or an affiliate of **Hydro**), as seller is entitled to be paid plus the amounts that **Hydro** (or an affiliate of **Hydro**), as purchaser is required to pay for the energy and/or **Integrated Power System Environmental Attributes and Benefits** (and for greater certainty not the capacity or ancillary services) pursuant to the **Off-Peak Transactions** shall be used to calculate the **Off-Peak Rate**. These amounts shall be adjusted by **Hydro**, so that they are net of all charges or credits applicable to or allocated by **Hydro** to the **Off-Peak Transactions** and where the charges or credits are in **U.S. Dollars**, the amounts shall be converted to **Canadian Dollars** by reference to the **Equivalent Canadian Dollar Amount** on the last **Business Day** of the month, during which the obligation to pay the said amount arises or the obligation to receive the said credit arises. These adjustments shall not include an adjustment for **Hydro’s** (or an affiliate of **Hydro**) administrative and general overhead costs and expenses or any costs or expenses that **Hydro** has been reimbursed for, pursuant to other provisions of this **PPA** or the **JKDA**. These adjustments shall include a reduction for the actual costs and expenses applicable to or allocated by **Hydro**, acting reasonably, to the **Off-Peak Transactions** that **Hydro** (or an affiliate of **Hydro**) has incurred:
 - (i) which were reasonably necessary to provide **Hydro** (or an affiliate of **Hydro**) with access to the **Markets** outside the Province of Manitoba; and/or
 - (ii) which were reasonably necessary to facilitate **Hydro** (or an affiliate of **Hydro**) entering into **Export and Import Transactions**; and/or
 - (iii) under or pursuant to or in respect of the **Off-Peak Transactions**, including actual costs and expenses incurred as part of any of the **Off-Peak Transactions** or incurred pursuant to an agreement with another **Person**, that **Hydro** incurred due to the risk it assumed or incurred in entering into any of the **Off-Peak Transactions**; and
- (e) the **Off-Peak Rate** shall be expressed in **Canadian Dollars** per **MWh** and shall be calculated according to the following formula:

$$((A + B) \div C) \times D$$

where,

- A is the total amount that **Hydro** (or an affiliate of **Hydro**), as seller, is entitled to be paid, pursuant to the **Off-Peak Transactions**, determined in accordance with and subject to the adjustments referred to in this section 2.2(3);
- B is the total amount that **Hydro** (or an affiliate of **Hydro**), as purchaser is required to pay, pursuant to the **Off-Peak Transactions**, determined in accordance with and subject to the adjustments referred to in this section 2.2(3);
- C is the total energy that was sold or purchased and was delivered or made available pursuant to the **Off-Peak Transactions**, determined in accordance with this section 2.2(3); and
- D is 1.04.

- (4) The amount to be paid to the **Limited Partnership** for the **Net Actual Off-Peak Energy** delivered to **Hydro** during any particular month shall be determined as follows:
 - (a) **Hydro** shall provide the **Limited Partnership** within ten (10) **Business Days** of the last day of the particular month with the **Off-Peak Rate** calculated for that month. The amount to be paid shall, subject to subsequent adjustment, if any, pursuant to Article 5, and the set-off of all amounts the **Limited Partnership** is obligated to pay to **Hydro** pursuant to the provisions of sections 3.2 and 3.1(6), be calculated according to the following formula:

$$A \times B$$

where,

- A is the **Off-Peak Rate** determined for the applicable month; and
- B is the total of the **Net Actual Off-Peak Energy** delivered to **Hydro** during the applicable month.

2.3 **Acknowledgement of Limited Partnership**

The **Limited Partnership** expressly acknowledges and agrees:

- (a) the compensation to be paid under this **PPA** entitles **Hydro** to receive:
 - (i) all the capacity of and the energy from the **Keeyask Project**, including all ancillary services associated with the **Keeyask Generating Station**; and

- (ii) all of the **Keeyask Environmental Benefits and Attributes**;
- (b) all of the **Keeyask Environmental Benefits and Attributes** shall accrue to and shall be assigned, transferred and allocated to **Hydro**, in conjunction with the **Hydro's** purchase of all of the energy and capacity of the **Keeyask Project**, in accordance with the terms of this **PPA**;
- (c) the rates and compensation to be paid in this **PPA**, subject to section 2.4, is based on the **Net Actual Generation** actually received by **Hydro**;
- (d) the **Limited Partnership** is not entitled to an additional payment or separate rate for the capacity of the **Keeyask Project** and the ancillary services associated with the **Keeyask Generating Station** and the **Keeyask Environmental Benefits and Attributes**, which **Hydro** is entitled to receive pursuant to this **PPA**;
- (e) to assign and transfer the **Keeyask Environmental Benefits and Attributes** to **Hydro**, at the sole cost and expense of the **Limited Partnership**, in such manner as **Hydro** may request, acting reasonably, and to cooperate with **Hydro** in making any required filing with any **Governmental Authority** or other **Person** in respect of such assignment and transfer or to facilitate such assignment and transfer; and
- (f) at the sole cost and expense of the **Limited Partnership**, it shall take such actions as are reasonably required to recognize the **Keeyask Environmental Benefits and Attributes** with any **Governmental Authority** or any other **Person**.

2.4 Insufficiency of Capacity or Disruption or Failure of the Hydro Transmission System and/or the Tie-Lines

Notwithstanding any other section of this **PPA**, if energy from any **Generator Unit** after its **In-service Date** cannot be generated and delivered to the **Point of Interconnection** to the extent that same is due to the insufficient capacity of the **Hydro Transmission System** and/or the **Tie-Lines** or the disruption to or failure of the **Hydro Transmission System** and/or the **Tie-Lines** and as a consequence thereof, water is spilled at the **Keeyask Project** spillway, **Hydro** shall be deemed for the purposes of this **PPA** to have received the energy that could have been generated from the water that was spilled at the **Keeyask Project** spillway during that time period less the **Hydro High Voltage Transmission System Energy Losses** applicable for the period of time during which water was spilled. This section 2.4 shall not apply and **Hydro** shall not be deemed for the purposes of this **PPA** or otherwise to have received energy that was not generated and delivered to the **Point of Interconnection** if the insufficient capacity of the **Hydro Transmission System** and/or the **Tie-Lines**, disruption to or failure of the **Hydro Transmission System** and/or the **Tie-Lines** occurred as a result of:

- (a) a breach by the **Limited Partnership** of any provision of the **Limited Partnership's Contractual Obligation**; or
- (b) a **Force Majeure** event, circumstance or circumstances that continue or continues for a period of at least ten (10) consecutive calendar days, in which event this section 2.4 and the obligations of **Hydro** pursuant to this section 2.4, shall not apply to the period of time during which the **Force Majeure** event, circumstance

or circumstances continues beyond the said ten (10) consecutive calendar day period. For greater certainty this section 2.4 and the obligations of **Hydro** pursuant to this section 2.4, shall apply to that initial ten (10) consecutive calendar day period or any portion thereof.

If this section 2.4 is applicable, **Hydro** shall provide to the **Limited Partnership** a calculation of the amount of energy that could have been generated and delivered during the applicable time period from the water that was spilled using the best information and data available. **Hydro** shall be required to pay to the **Limited Partnership** the amount that would otherwise be determined to be owing pursuant to the provisions of this **PPA** (after all set-offs, deductions and adjustments provided for in this **PPA** including reduction for the **Hydro High Voltage Transmission System Energy Losses** applicable for the period of time during which water was spilled) if that amount of energy had been generated and delivered to the **Point of Interconnection** during that period of time, from the water that was spilled. The **Limited Partnership** expressly acknowledges that for the purposes of this **PPA** the risk to the **Limited Partnership** of not being able to generate and deliver energy to the **Point of Interconnection** from all other matters or circumstances is borne solely by the **Limited Partnership**.

2.5 **Commissioning Energy**

- (1) Subject to the terms and conditions of this **PPA**, the **Limited Partnership** shall be compensated by **Hydro** for the **Commissioning Energy** received by **Hydro** at the **Point of Interconnection** on a **Canadian Dollar** per **MWh** basis during any particular month based on the **Commissioning Rate**.
- (2) The monthly amount to be paid to the **Limited Partnership** for the **Commissioning Energy** shall be calculated as follows:
 - (a) **Hydro** shall provide the **Limited Partnership** within ten (10) **Business Days** of the last day of each month during which **Commissioning Energy** is generated and received by **Hydro** at the **Point of Interconnection** with the **Commissioning Rate** determined for that month. The amount to be paid for the **Commissioning Energy** received by **Hydro** shall be equal to:
 - (i) the **Commissioning Rate**, determined for that month; multiplied by
 - (ii) the **Commissioning Energy** received by **Hydro** during that month.
 - (b) **Hydro** shall credit the **Limited Partnership** with the monthly amount that is to be paid for the **Commissioning Energy** pursuant to this section 2.5, on account of the **Limited Partnership's** indebtedness under the terms of the **Construction Agreement** and the **Limited Partnership** shall be entitled to set-off this credit against its indebtedness under the **Construction Agreement**. Provided that where **Commissioning Energy** is received by **Hydro** prior to the **First Operating Month**, (and the **Off-Peak Rate** on which the **Commissioning Rate** is based has not yet been established) this amount of **Commissioning Energy** shall be billed in conjunction with the **Commissioning Energy** received during the **First Operating Month**, at the **Commissioning Rate**, determined for the **First Operating Month**.

2.6 Term

- (1) This **PPA** shall become effective on the date of the commencement of construction on the access road or camp infrastructure for the **Keeyask Project** and shall continue until the **Keeyask Generating Station** is decommissioned.
- (2) If at any time during the term of this **PPA**, **Hydro** (or an affiliate of **Hydro**) does not have an agreement with the **Limited Partnership** to operate and maintain and/or to control and operate the **Keeyask Project**, including matters relating to the dispatch of the **Keeyask Generating Station** on substantially the same terms and conditions as those contained in Article 9 of the **JKDA**, this **PPA** shall be amended in such manner as a purchaser of capacity, energy and the **Keeyask Environmental Benefits and Attributes** under the provisions of this **PPA**, would require due to this change concerning the operation and maintenance of the **Keeyask Project** and/or the control and operation of the **Keeyask Project**, including matters related to the dispatch of the **Keeyask Generating Station**. For greater certainty this amendment shall not extend to any revision of the amount of the **Energy Charge** or the amounts to be paid by the **Limited Partnership** to **Hydro** pursuant to sections 3.1(6) and 3.2 of this **PPA**. The amendment shall be made pursuant to a **PPA Amendment Review**.

ARTICLE 3

AFFIRMATIVE COVENANTS

3.1 Covenants

During the term of this PPA the **Limited Partnership** hereby agrees to be bound by and to perform each of the following affirmative obligations:

- (1) **Licences**. The **Limited Partnership** shall seek, obtain, maintain, comply with and, as necessary, review and modify from time to time, at the **Limited Partnership's** sole expense, the **Licences**.
- (2) **Limited Partnership Contractual Obligations**. The **Limited Partnership** shall comply with all **Limited Partnership Contractual Obligations**.
- (3) **Applicable Reliability Organization and Governmental Authority**. The **Limited Partnership** shall at the **Limited Partnership's** sole expense:
 - (a) cooperate to a reasonable extent with **Hydro** in fulfilling **Hydro's** duties and obligations (or the duties and obligations of any affiliate of **Hydro**) as a participant in the **Applicable Reliability Organization**, in such instances where **Hydro** advises same is required and pursuant to the **Hydro Contractual Obligations**, as amended from time to time in the same manner and to the same extent as **Hydro** (or any affiliate of **Hydro**), in such instances where **Hydro** advises same is required;
 - (b) cooperate with and provide in a timely manner any and all information or data required by the **Applicable Reliability Organization** or by **Hydro** for the **Applicable Reliability Organization** and any other necessary approvals related to the **Keeyask Project**, in such instances where **Hydro** advises same is required;
 - (c) comply with and be bound by those procedures, requirements, decisions and policies of the **Applicable Reliability Organization**, in such instances where **Hydro** advises same is required and those **Hydro Contractual Obligations** as amended from time to time, in the same manner and to the same extent as **Hydro** (or any affiliate of **Hydro**), in such instances where **Hydro** advises same is required; and
 - (d) reimburse **Hydro** for actual costs and expenses imposed on **Hydro** (or any affiliate of **Hydro**) by the **Applicable Reliability Organization** or **Governmental Authority** or pursuant to the **Hydro Contractual Obligations** which are attributable to this PPA or the **Keeyask Project** and any filing fees incurred by **Hydro** as a result of the parties to this PPA entering into this PPA or in respect of the sale by the **Limited Partnership** and/or the purchase by **Hydro** of energy and/or capacity under this PPA.

(4) **Point of Interconnection.** The **Limited Partnership** shall at the **Limited Partnership's** sole expense:

- (a) comply with all provisions of the **Interconnection and Operating Agreement** and ensure that the **Keeyask Project** is interconnected to the **Integrated Power System**;
- (b) modify the design of the **Keeyask Project** at any time in a manner consistent with **Hydro's** direction to ensure the interconnection and synchronous operation of the **Keeyask Project** with the **Integrated Power System** will be safe and reliable and will not adversely affect the **Integrated Power System** or any other utility's system, or services provided to **Hydro's** customers; and
- (c) cause the energy of the **Keeyask Generating Station** to be delivered to **Hydro** at the **Point of Interconnection**.

(5) **Fines, Penalties, Taxes, and Fees** The **Limited Partnership** shall be responsible for and shall pay:

- (a) all fees, levies, fines, penalties, or costs assessed against **Hydro** by any **Governmental Authority**, provided that where the **Governmental Authority** is **Manitoba**, the assessment of the said fees, levies, fines, penalties, or costs are generally applicable to other electric generating stations of the **Integrated Power System**, that are wholly owned by **Hydro** (or an affiliate of **Hydro**); and
- (b) all present or future federal, provincial, municipal or other lawful taxes, duties, levies or fees, which without limiting the generality of the foregoing shall include any value added tax or similar taxes, imposed directly or indirectly, which are applicable to **Hydro** (or an affiliate of **Hydro**), or the **Limited Partnership** or the **Keeyask Project**, provided that where the said tax, duty, levy or fee is imposed by **Manitoba**, the imposition of the said tax, duty, levy or fee is generally applicable to other electric generating stations of the **Integrated Power System**, that are wholly owned by **Hydro** (or an affiliate of **Hydro**),

that in either case is due to:

- (i) non-compliance by the **Limited Partnership** of any provision of this **PPA**; or
- (ii) reasonably attributable to the parties to this **PPA** entering into this **PPA**; or
- (iii) in respect of the sale by the **Limited Partnership** and/or the purchase by **Hydro** of energy and/or capacity and/or the **Keeyask Environmental Benefits and Attributes** under this **PPA**,

without any reimbursement in whole or in part from **Hydro** and **Hydro** shall, if such amounts have been paid by it, be entitled to bill the **Limited Partnership** in

accordance with Article 7 and receive payment on account of the amounts that have been paid.

- (6) **Fee.** The **Limited Partnership** shall pay each month to **Hydro** a fee equal to three (3%) percent of the **Energy Charge** to be paid by **Hydro** for that month in accordance with the provisions of this **PPA** plus all present or future Federal, Provincial, Municipal or other lawful taxes, duties, levies or fees, which without limiting the generality of the foregoing should include any value added tax or similar taxes, imposed directly or indirectly on **Hydro** or the **Limited Partnership** in respect of the fee. This fee is to compensate **Hydro** for:
- (a) not requiring the **Limited Partnership** pursuant to this **PPA** to supply a minimum amount of energy or make available a minimum amount of capacity;
 - (b) costs of lost opportunities arising from the utilization of the existing **Tie-Lines** as a consequence of **Hydro's** purchase of energy pursuant to this **PPA** at the **Point of Interconnection**; and
 - (c) assuming the transmission risk associated with the **Hydro Transmission System** in the Province of Manitoba and the **Tie-Lines** and **Hydro's** acceptance of the delivery of all of the energy pursuant to this **PPA** at the **Point of Interconnection** for resale at a different delivery point.

Hydro may bill this fee to the **Limited Partnership** or set it off against the amount otherwise due to the **Limited Partnership** pursuant to the provisions of this **PPA**.

- (7) **Records.** The **Limited Partnership** shall prepare and maintain or cause to be prepared and maintained complete and accurate operating and other records as **Hydro** may from time to time request, acting reasonably. This shall include all records required by any **Applicable Reliability Organization** to maintain accredited capacity for the **Keeyask Generating Station**. Without limiting the generality of the foregoing the **Limited Partnership** shall on written notice from **Hydro** provide or cause to be provided all documents and information necessary to meet the accreditation requirements for the **Keeyask Generating Station** of any **Applicable Reliability Organization** during the term of this **PPA**. The **Limited Partnership** acknowledges that **Hydro** may release such information and documentation to the **Applicable Reliability Organization** in respect of any application or maintenance of accredited capacity for the **Keeyask Generating Station**. In addition **Hydro** shall have access to inspect and test such metering and other recording equipment and operating records as may be required in respect of any accreditation process.
- (8) **Inspection.** The **Limited Partnership** shall provide **Hydro** and its representatives with access to the **Keeyask Project** and the records relating to the **Keeyask Project** including all records required to be prepared and maintained in accordance with section 3.1(7) of this **PPA** and **Hydro** shall be entitled to make and retain copies of all such records. The inspection of the **Keeyask Project** and

the review of the records shall not relieve the **Limited Partnership** of any of its obligations under this **PPA**.

3.2 Transmission Payments

- (1) The **Limited Partnership** and **Hydro** acknowledge that the transmission arrangements for the **Keeyask Transmission Project** have not been fully determined prior to the parties to this **PPA** agreeing on the form of this **PPA** and the parties to this **PPA** have agreed, in the following provisions of this section 3.2, to apply the principles referred to in section 10.2.2 of the **JKDA** in the allocation of the transmission costs.
- (2) If the development of **Bipole III** proceeds and **Bipole III**, either alone, or in combination with Bipoles I and/or II, is intended to be used by **Hydro**, to any extent, for the transmission of energy generated by the **Keeyask Generating Station**, then subject to **Hydro**, acting reasonably, determining as of the **First Completion Date** that **Bipole III** and the associated collector facilities are in-service to the extent necessary, such that they provide sufficient transmission capability for the **Keeyask Generating Station** based on **Hydro's** intended use of **Bipole III** and the associated collector facilities, in respect of the **Keeyask Generating Station**, as part of the **Integrated Power System**:
 - (a) the **Limited Partnership** will not be charged for and will not pay any capital or operating costs, including operation and maintenance costs, of **Bipole III**, or any costs of other benefit-related arrangements, if any, associated with **Bipole III**;
 - (b) the **Limited Partnership** will not be charged for and will not pay any capital or operating costs, including operation and maintenance costs, of any new high voltage alternating current transmission lines or associated stations or related works that may be required for north/south transmission, in addition to **Bipole III**, or any costs of other benefit-related arrangements, if any, associated with the transmission lines, associated stations or related works;
 - (c) the **Limited Partnership** will not be charged and will not pay for the capital costs of any new **Tie-Lines** or for any new capital costs incurred to maintain or enhance the capacity of the existing **Tie-Lines**;
 - (d) the **Limited Partnership** will pay all of the payments to be made by the **Limited Partnership** to **Hydro** (Transmission and Distribution Business Unit) pursuant to the provisions of the **Interconnection and Operating Agreement**, subject to section 3.2(2)(e); and
 - (e) **Hydro** (Power Supply Business Unit) will, if there is an amount to be paid by the **Limited Partnership** to **Hydro** (Transmission and Distribution Business Unit) pursuant to the provisions of the **Interconnection and Operating Agreement** for construction and installation costs or operating and maintenance costs in respect of transmission facilities that do not form part of the **Keeyask Transmission Northern HVAC Collector Facilities**, pay such amounts on the **Limited**

Partnership's behalf and shall not recover such amounts from the **Limited Partnership**.

- (3) If the development of **Bipole III** does not proceed or if the development of **Bipole III** does proceed and **Bipole III**, either alone, or in combination with Bipoles I and/or II, is not intended to be used by **Hydro**, to any extent, for the transmission of energy generated by the **Keeyask Generating Station**, then subject to **Hydro**, acting reasonably, determining as of the **First Completion Date**, that **Bipole III** and the associated collector facilities are not in-service to the extent necessary, such that they do not provide sufficient transmission capability for the **Keeyask Generating Station** based on **Hydro's** intended use of **Bipole III** and the associated collector facilities, in respect of the **Keeyask Generating Station**, as part of the **Integrated Power System**:
- (a) the provisions of section of 3.2(2) will not apply;
 - (b) the **Limited Partnership** will not be charged for and will not pay any capital or operating costs, including operation and maintenance costs, of **Bipole III**, or any costs of other benefit-related arrangements, if any, associated with **Bipole III**;
 - (c) the **Limited Partnership** will not be charged and will not pay for the capital costs of any new **Tie-Lines** or for any new capital costs incurred to maintain or enhance the capacity of the existing **Tie-Lines**;
 - (d) the **Limited Partnership** will be charged for and will pay to **Hydro**, as a fee, a portion of costs associated with the **Keeyask Transmission Facilities**. The amount of the costs that that will be paid will be comprised of the following amounts, which shall be paid in the following manner:
 - (i) the **Limited Partnership** agrees to pay to **Hydro** the amount of the **Keeyask Transmission Facilities Initial Costs Contribution**. The **Keeyask Transmission Facilities Initial Costs Contribution** shall, together with accrued interest, be paid by the **Limited Partnership** to **Hydro**, over a forty-five (45) year time period, in the following manner:
 - (A) the amount of the **Keeyask Transmission Facilities Initial Costs Contribution** remaining outstanding from time to time, shall commencing on the **First Completion Date**, until the twenty-fifth anniversary of the **First Completion Date** bear interest at a fixed interest rate (expressed as a percentage rate per annum) equal to the **Interconnection Credit Project Rate**. Such interest shall be calculated and compounded semi-annually (not in advance). On the twenty-fifth anniversary of the **First Completion Date**, the amount of the **Keeyask Transmission Facilities Initial Costs Contribution** then outstanding together with accrued and unpaid interest shall thereafter bear interest at a fixed rate (expressed as a percentage rate per annum) equal to the **Thirty Year Rate** calculated by **Hydro** as of the twenty-fifth anniversary of the **First**

Completion Date. Such interest shall be calculated and compounded semi-annually (not in advance);

- (B) commencing on the **First Completion Date** and ending on the twenty-fifth anniversary date of the **First Completion Date**, the **Keeyask Transmission Facilities Initial Costs Contribution** shall be paid to **Hydro** by the **Limited Partnership** making equal semi-annual blended payments of interest and principal. Each semi-annual payment shall be an amount determined by **Hydro** based on the amount of the **Keeyask Transmission Facilities Initial Costs Contribution** and an amortization period of forty-five (45) years commencing as of the **First Completion Date** and an interest rate equal to the **Interconnection Credit Project Rate**; and
 - (C) on the date that is six (6) months after the twenty-fifth anniversary of the **First Completion Date** the **Limited Partnership** shall commence payment of the **Keeyask Transmission Facilities Initial Costs Contribution** outstanding as of the twenty-fifth anniversary of the **First Completion Date** and all accrued and unpaid interest thereon by making equal semi-annual blended payments of interest and principal. The semi-annual payments shall be an amount determined by **Hydro** based on an amortization period of twenty (20) years commencing as of the twenty-fifth anniversary of the **First Completion Date** and an interest rate equal to the **Thirty Year Rate** calculated by **Hydro** as of the twenty-fifth anniversary of the **First Completion Date**. As at the forty-fifth anniversary of the **First Completion Date** the **Keeyask Transmission Facilities Initial Costs Contribution** and all accrued and unpaid interest thereon shall be paid in full;
- (ii) the **Limited Partnership** agrees to pay to **Hydro** the amount of the **Keeyask Transmission Facilities Additional Costs Contribution**. The **Keeyask Transmission Facilities Additional Costs Contribution** shall, together with the accrued interest, be paid by the **Limited Partnership** to **Hydro**, over a fifty (50) year time period, in the following manner:
- (A) the amount of the **Keeyask Transmission Facilities Additional Costs Contribution**, remaining outstanding from time to time, shall commencing on the forty-fifth anniversary of the **First Completion Date**, until the seventieth anniversary of the **First Completion Date** bear interest at a fixed interest rate (expressed as a percentage rate per annum) equal to the **Thirty Year Rate** calculated by **Hydro** as of the forty-fifth anniversary of the **First Completion Date**. Such interest shall be calculated and compounded semi-annually (not in advance). On the seventieth anniversary of the **First Completion Date**, the amount of the **Keeyask Transmission Facilities Additional Costs Contribution**

then outstanding together with accrued and unpaid interest shall thereafter bear interest at a fixed rate (expressed as a percentage rate per annum) equal to the **Thirty Year Rate** calculated by **Hydro** as of the seventieth anniversary of the **First Completion Date**. Such interest shall be calculated and compounded semi-annually (not in advance);

(B) commencing on the forty-fifth anniversary of the **First Completion Date** and ending on the seventieth anniversary date of the **First Completion Date**, the **Keeyask Transmission Facilities Additional Costs Contribution** shall be paid to **Hydro** by the **Limited Partnership** making equal semi-annual blended payments of interest and principal. Each semi-annual payment shall be an amount determined by **Hydro** based on the amount of the unpaid **Keeyask Transmission Facilities Additional Costs Contribution** and an amortization period of fifty (50) years commencing as of the forty-fifth anniversary of the **First Completion Date** and an interest rate equal to the **Thirty Year Rate** calculated by **Hydro** as of the forty-fifth anniversary of the **First Completion Date**; and

(C) on the date that is six (6) months after the seventieth anniversary of the **First Completion Date**, the **Limited Partnership** shall commence payment of the **Keeyask Transmission Facilities Additional Costs Contribution** outstanding as of the seventieth anniversary of the **First Completion Date** and all accrued and unpaid interest thereon by making equal semi-annual blended payments of interest and principal. The semi-annual payments shall be an amount determined by **Hydro** based on an amortization period of twenty-five (25) years commencing as of the seventieth anniversary of the **First Completion Date** and an interest rate equal to the **Thirty Year Rate** calculated by **Hydro** as of the seventieth anniversary of the **First Completion Date**. As at the ninety-fifth anniversary of the **First Completion Date** the **Keeyask Transmission Facilities Additional Costs Contribution** and all accrued and unpaid interest thereon shall be paid in full;

(iii) the **Limited Partnership** agrees to pay as a fee to **Hydro**, on the **First Completion Date**, ninety-five thousand (\$95,000) dollars, adjusted, if the payment occurs after 2018, from December 31, 2018 to the date of payment, based on the cumulative increase in the Consumer Price Index (Manitoba) and using a 2017 base year. Thereafter the **Limited Partnership** shall pay to **Hydro**, during the term of this **PPA**, on each anniversary of the **First Completion Date**, the said ninety-five thousand (\$95,000) dollar amount, adjusted annually, from 2018 to the date of payment, based on the annual percentage change in the Consumer Price Index (Manitoba) and using a 2017 base year. These payments are a contribution to the operating and maintenance costs, incurred in respect of

Keeyask Transmission Facilities and shall be billed to the **Limited Partnership** annually and shall be paid, within five (5) **Business Days** of being billed by **Hydro**; and

- (iv) the **Limited Partnership** agrees to pay as a fee to **Hydro** commencing after the **First Completion Date**, on April 15 of each year during the term of this **PPA**, equal to an amount determined according to the following formula:

$$A \times (B + C)$$

where,

A is the **Guarantee Fee** as at 10:00 a.m. (Winnipeg time) on March 31 of the immediately preceding **Hydro Fiscal Year**;

B is the amount of the **Keeyask Transmission Facilities Initial Costs Contribution**, including accrued and unpaid interest, that remains unpaid, as at 10:00 a.m. (Winnipeg time) on March 31 of the immediately preceding **Hydro Fiscal Year**; and

C is commencing on April 15th of the forty fifth anniversary of the **First Completion Date**, the amount of the **Keeyask Transmission Facilities Additional Costs Contribution**, including accrued and unpaid interest, that remains unpaid, as at 10:00 a.m. (Winnipeg time) on March 31 of the immediately preceding **Hydro Fiscal Year**; and

- (v) the payments referred to in this section 3.2(3)(d) are required to be made notwithstanding the provisions of the **Interconnection and Operating Agreement**. **Hydro** (Power Supply Business Unit) agrees that if this section 3.2(3)(d) applies and an amount is to be paid by the **Limited Partnership** to **Hydro** (Transmission and Distribution Business Unit) pursuant to the provisions of the **Interconnection and Operating Agreement** for construction and installation costs or operating and maintenance costs in respect of any transmission facilities, then **Hydro** (Power Supply Business Unit) shall pay such amounts on the **Limited Partnership's** behalf and shall not recover such amounts from the **Limited Partnership**.

ARTICLE 4 METERING

4.1 Determination Of Energy Delivered

The total monthly amount of the **Net Actual Generation and Commissioning Energy** received by **Hydro** during any particular time period in the **Hydro Fiscal Year** shall be determined by **Hydro** and provided to the **Limited Partnership** within ten (10) **Business Days** of the last day of the particular period for which such energy amounts are being determined.

4.2 Metering Requirements

- (1) **Hydro** shall operate, maintain, own and control the **Hydro Metering Equipment** which shall be installed, subject to section 4.2(4), at or near the **Point of Interconnection**, the exact location of which shall be determined by **Hydro**. The **Limited Partnership** shall reimburse **Hydro** for all actual costs and expenses incurred by **Hydro** under this Article 4, including those associated with the operation, maintenance and administration of the **Hydro Metering Equipment** and the provision of metering data to the **Limited Partnership**.
- (2) The **Hydro Metering Equipment** shall be installed, calibrated, repaired, replaced, maintained and tested in accordance with the provisions of the *Electricity and Gas Inspection Act* (Canada) as amended from time to time and any reasonable guidelines, procedures, decisions, practices and policies of **Hydro**. The **Limited Partnership** shall provide and maintain without charge, convenient, accessible and safe space at or near the metering point for the **Hydro Metering Equipment**, which shall be in the care of and at the risk of the **Limited Partnership**. Unless **Hydro** shall otherwise advise the **Limited Partnership**, **Hydro** shall in accordance with any guidelines, procedures, decisions, practices and policies of **Hydro** read the meters at the end of each month and supply such meter readings to the **Limited Partnership** no later than ten (10) **Business Days** from the end of the each month. Metering records shall be available at all reasonable times to the **Limited Partnership**.
- (3) Authorized employees and agents of **Hydro** shall at reasonable times have free and uninterrupted access to the **Keeyask Project** for the purpose of reading and conducting tests on the **Hydro Metering Equipment**. **Hydro** may test, calibrate, maintain, remove and replace the **Hydro Metering Equipment** at any time. **Hydro** shall at the **Limited Partnership's** expense, inspect and test the **Hydro Metering Equipment** upon installation and at least once every two (2) years, thereafter. If requested to do so by the **Limited Partnership**, **Hydro** shall inspect or test metering equipment more frequently than every two (2) years. **Hydro** shall give reasonable notice of the time when any inspection or test shall take place, and the **Limited Partnership** may have representatives present at the test or inspection. Unless provided otherwise by the *Electricity and Gas Inspection Act* (Canada) or other **Laws**, if **Hydro Metering Equipment** is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at the **Limited**

Partnership's expense, in order to provide accurate metering. If the **Hydro Metering Equipment** fails to register, or if the measurement made by the **Hydro Metering Equipment** during a test varies by more than one (1%) percent from the measurement made by the standard meter used in the test, adjustment shall be made correcting all measurements made by the inaccurate meter for:

- (a) the actual period during which inaccurate measurements were made, if the period can be determined, or if not,
 - (b) the period immediately preceding the testing of the **Hydro Metering Equipment** equal to one-half of the time period from the date of the last test of the **Hydro Metering Equipment**.
- (4) **Hydro** (Power Supply Business Unit) may on notice to the **Limited Partnership** advise that it shall not install its own metering equipment in accordance with the provisions of sections 4.2(1), (2) and (3) and shall for the purposes of this **PPA**, have the quantum of energy determined by the metering equipment installed, operated, maintained, owned and/or controlled by **Hydro** (Transmission and Distribution Business Unit) pursuant to the provisions of the **Interconnection and Operating Agreement**. In the event **Hydro** provides this notice, the metering data provided to the **Limited Partnership** pursuant to the provisions of the **Interconnection and Operating Agreement** shall be used for the purposes of determining the quantum of energy delivered to the **Point of Interconnection**. The parties to this **PPA** agree to be bound by the inspection and testing provisions of the **Interconnection and Operating Agreement** and to any adjustments or corrections that are made in accordance with the provisions of that agreement to the metering measurements and data. **Hydro** shall be entitled to receive all metering data and records that the **Limited Partnership** receives pursuant to the provisions of the **Interconnection and Operating Agreement**. **Hydro** shall also be entitled to attend with the **Limited Partnership** at all testing of the metering equipment under the provisions of the **Interconnection and Operating Agreement**. The **Limited Partnership** agrees to cause the metering equipment to be inspected or tested in accordance with the provisions of the **Interconnection and Operating Agreement** if **Hydro** so requests. **Hydro** shall retain its right on reasonable notice to the **Limited Partnership** to install the **Hydro Metering Equipment** in accordance with sections 4.2(1), (2) and (3) at a subsequent date and to have those provisions apply for the determination of the quantum of energy delivered to the **Point of Interconnection**.

ARTICLE 5

ENERGY RATE ADJUSTMENTS

5.1 Report on Export and Import Transactions

Hydro shall provide the **Limited Partnership** within thirty (30) calendar days of the last day of each **Hydro Fiscal Year** with a written report of the amount of energy and capacity that was bought or sold and the **Integrated Power System Environmental Benefits and Attributes** that were sold pursuant to the **Export and Import Transactions** that were used to calculate the **On-Peak Rates** and **Off-Peak Rates** for that **Hydro Fiscal Year**. Such report shall include a reporting on the **Adjustments** made by **Hydro**.

5.2 Adjustment of On-Peak and Off-Peak Rates

The **On-Peak Rates** and **Off-Peak Rates** payable under this **PPA** shall be adjusted to accord with the agreement of the parties to this **PPA** or the decision of an **Expert** made pursuant to a **Transaction Adjustment Review** or an **Environmental Benefits and Attributes Review**. Forthwith after any agreement or decision which has retroactive effect, **Hydro** shall prepare a reconciliation of the amount that is owing to the **Limited Partnership** by **Hydro** or the amount that **Hydro** has overpaid. The reconciliation shall adjust for all amounts that the **Limited Partnership** is required to pay to **Hydro** that is based on or is otherwise determined from the **Energy Charge** paid by **Hydro** to the **Limited Partnership** for the delivery of the total of the **Net Actual Generation**, including the fee required to be paid pursuant to section 3.1(6). On completion of the reconciliation any amount overpaid by **Hydro**, shall immediately be paid by the **Limited Partnership** to **Hydro**, without interest. Any additional amount owing by **Hydro** shall immediately be paid by **Hydro** to the **Limited Partnership** without interest.

ARTICLE 6

TRANSACTION REVIEWS

6.1 On-Peak Transactions and Off-Peak Transactions

Hydro currently experiences, on a consistent basis, a significant differential in energy prices during certain hours of the day and certain days of the week for export transactions from the **Integrated Power System** to **Markets** outside the Province of Manitoba and for import transactions to the **Integrated Power System** from **Markets** outside of the Province of Manitoba. These differentiated time periods are referred to in this **PPA** as the **On-Peak Hours** and **Off-Peak Hours**. The **On-Peak Hours** and **Off-Peak Hours** are used in this **PPA** as the basis for the allocation of the **Export and Import Transactions** into **On-Peak Transactions** and **Off-Peak Transactions** and as a component of the determination of the **On-Peak Rate** and **Off-Peak Rate**. The specific hours of the day and certain days of the week as to when a significant differential in energy prices exists, on a consistent basis, may change during the term of this **PPA**, or **Hydro** may during the term of this **PPA** no longer experience, on a consistent basis, a significant differential in energy prices during a certain time period. The parties to this **PPA** agree that the time period as to when and if **Hydro** experiences a significant differential in energy prices, on a consistent basis, during certain hours of the day and certain days of the week for export transactions from the **Integrated Power System** to **Markets** outside the Province of Manitoba and for import transactions to the **Integrated Power System** from **Markets** outside of the Province of Manitoba shall be reviewed in the manner provided in Article 18 of the **JKDA**. The time periods referred to in **On-Peak Hours** and **Off-Peak Hours** shall be adjusted to accord with this review and this **PPA** shall be amended accordingly. The use of separate **On-Peak Rates** and **Off-Peak Rates** in this **PPA** shall however be eliminated if the review determines that no significant differential in energy prices in clearly defined time periods is obtained by **Hydro**. In that event this **PPA** shall be amended to establish one rate based on the **Export and Import Transactions**, without allocation into **On-Peak Transactions** and **Off-Peak Transactions**.

6.2 Transaction Adjustments Review

The **Adjustments** made by **Hydro**, may be reviewed in the manner provided in Article 18 of the **JKDA**.

ARTICLE 7

BILLING, PAYMENTS AND ADJUSTMENTS

7.1 Billing, Payments and Adjustments

- (1) All billings from the **Limited Partnership** to **Hydro** shall be calculated monthly at the end of each calendar month and reconciled monthly and yearly in accordance with provisions of this **PPA**. The period for billing shall be from 12:00 a.m. (Winnipeg time) of the first calendar day of the month to 12:00 a.m. (Winnipeg time) of the first calendar day of the succeeding month. If all information necessary for the preparation of the **Limited Partnership** monthly bill is not accurately known in time, estimates may be used to prepare an interim bill with a final bill to be prepared when accurate information becomes known. **Hydro** shall bill the **Limited Partnership** for the amounts it is entitled to be reimbursed for pursuant to the provisions of this **PPA**. All bills shall be due and payable in immediately available same-day funds within two (2) **Business Days** from the date the bill is rendered. If such due date falls on a non **Business Day**, the payment shall be due and payable on the next following **Business Day**.
- (2) Payment of all bills rendered by the **Limited Partnership** to **Hydro** shall be made by interbank wire transfer to the **Limited Partnership's** bank in accordance with the account instructions as provided by the **Limited Partnership**. Payment shall be deemed made when received by the designated bank.
- (3) **Hydro** shall have the right to set-off and/or recoup against payments to be made to the **Limited Partnership** by the terms of this **PPA** any amount billed and due to **Hydro** from the **Limited Partnership** under sections 3.1(6) or 3.2 or under the provisions of the **Project Financing Agreement**. **Hydro's** exercise of its right of retention under this section 7.1 is without prejudice to the **Limited Partnership's** right to contest the set-off and the claim upon which the set-off is based. Where **Hydro** exercises its right of set-off or recoupment, **Hydro** shall notify the **Limited Partnership** in writing of the specific basis for the set-off or recoupment in reasonable detail, including the basis for calculation of the amount believed to be due to **Hydro**.

ARTICLE 8

FORCE MAJEURE

8.1 Force Majeure

Subject to section 2.4, neither party to this **PPA** shall be responsible or liable for, or be deemed in breach of any provision of this **PPA** because of, any delay or failure in the performance of their respective obligations pursuant to this **PPA** to the extent such performance is prevented or delayed due to a **Force Majeure** provided that:

- (a) the party to this **PPA** experiencing the **Force Majeure** shall exercise due diligence in endeavouring to overcome any **Force Majeure** impediment to its performance, but settlement of its strikes and other labour difficulties shall be entirely within its discretion;
- (b) the party to this **PPA** experiencing the **Force Majeure** shall promptly give oral notification to the other party to this **PPA** which notification shall be confirmed in writing within five (5) calendar days after such party to this **PPA** has learned of the **Force Majeure** and every thirty (30) calendar days thereafter, and such written notification shall give a full and complete explanation of the **Force Majeure** delay and its cause, the status of the **Force Majeure**, and the actions such party to this **PPA** is taking and proposes to take to overcome the **Force Majeure**; and
- (c) the party to this **PPA** experiencing the delay shall undertake reasonable measures to remedy the **Force Majeure**.

ARTICLE 9

GENERAL PROVISIONS

9.1 Notices

All notices provided for in this **PPA** shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable addresses or facsimile numbers, as the case may be, set opposite the party to this **PPA**'s name in Appendix B hereto or at or to such other address or addresses or facsimile number or numbers as any party to this **PPA** hereto may from time to time designate to the other parties in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a **Business Day** and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the **Business Day** next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a **Business Day** and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the **Business Day** next following such date of transmission.

9.2 Indemnification of Hydro for Third Party Claims

The **Limited Partnership** agrees to indemnify and save harmless **Hydro** from any and all third party claims, demands, proceedings, law suits, damages, liabilities, deficiencies, costs and expenses (including, without limitation all legal fees on a solicitor and client basis) and other professional fees and disbursements, interests, penalties and amounts paid in settlement suffered or incurred by **Hydro**, as a result of or arising directly or indirectly out of or in contravention of any breach or non-performance by the **Limited Partnership** of any covenant to be performed by or pursuant to this **PPA**.

9.3 Indemnification of the Limited Partnership for Third Party Claims

Hydro agrees to indemnify and save harmless the **Limited Partnership** from any and all third party claims, demands, proceedings, law suits, damages, liabilities, deficiencies, costs and expenses (including, without limitation all legal fees on a solicitor and client basis) and other professional fees and disbursements, interests, penalties and amounts paid in settlement suffered or incurred by the **Limited Partnership**, as a result of or arising directly or indirectly out of or in contravention of any breach or non-performance by **Hydro** of any covenant to be performed by or pursuant to this **PPA** but only to the extent **Hydro** is found liable for gross negligence or wilful misconduct.

9.4 Further Assurances

Each of the parties to this **PPA** from time to time and without further consideration, shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party to this **PPA** may reasonably require from time to time for the purpose of giving effect to this **PPA** or more

effectively completing any matter provided for in this **PPA** and shall take all such steps as may be reasonably within its power to implement to their full extent the provisions of this **PPA**.

9.5 **Time of the Essence**

Time shall be of the essence of this **PPA**.

9.6 **Enurement**

This **PPA** shall enure to the benefit of and be binding upon the parties to this **PPA** their respective successors and permitted assigns. **Hydro** may assign this **PPA** to any affiliate of **Hydro** provided that such assignment shall not relieve **Hydro** of its obligations and liabilities hereunder.

9.7 **Counterparts**

This **PPA** may be executed in counterparts, each of which shall constitute an original and all of which, taken together, shall be deemed to constitute one and the same instrument.

9.8 **Waivers and Amendments**

Any term, covenant or condition of this **PPA** may be amended only with the consent of the parties to this **PPA**, except as provided for in section 2.6.

IN WITNESS WHEREOF, the parties to this **PPA** have caused this **PPA** to be executed on the date first above written.

**KEEYASK HYDROPOWER LIMITED
PARTNERSHIP, by its General Partner •**

Per: _____

Per: _____

**THE MANITOBA HYDRO-ELECTRIC
BOARD**

Per: _____

Per: _____