
**Canadian Niagara Power Inc.
(Transmission)
Customer Connection Process**

March 19, 2008

(Incorporates OEB's September 6, 2007 Requirements)

Canadian Niagara Power Inc. ("CNP") advises that this document reflects the changes made in the Transmission System Code dated July 25, 2005 that came into force on August 20, 2005 as published in the Ontario Gazette; however, the provisions contained herein are subject to change and may be revised to reflect any applicable decision or order rendered by the Ontario Energy Board.

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Process Steps – Introduction

This CNP Customer Connection Process (“CCP”) has been developed to meet the requirements of the revised Ontario Energy Board's (the “Board”) Transmission System Code (the “Code”) dated July 25, 2005 (which came into force August 20, 2005) as outlined in the Code section 6 CUSTOMER CONNECTIONS. In particular, the CCP covers the requirements listed in Section 6.1.4.

- 6.1.4 A transmitter's connection procedures referred to in section 6.1.3 shall include the following:
- (a) a procedure for determining the **total normal supply capacity** of a connection facility as required by section 6.2.7;
 - (b) an **available capacity** procedure that complies with section 6.2.11;
 - (c) a **security deposit** procedure that complies with section 6.3.11;
 - (d) a **customer impact assessment** procedure that complies with section 6.4.1;
 - (e) an **economic evaluation** procedure that complies with section 6.5.2;
 - (f) a **contestability** procedure that complies with section 6.6.2;
 - (g) a **reconnection procedure** that complies with section 6.10.3;
 - (h) a **dispute resolution** procedure that complies with section 12.1.1;
 - (i) an obligation on the transmitter to provide a customer with the most **recent version of the plans** required by section 6.3.6 that cover the applicable portion of its transmission system;
 - (j) a **schedule of all charges and fees** that may be charged by the transmitter and that are not covered by the transmitter’s Rate Order; and
 - (k) **reasonable timelines** within which activities covered by the procedures referred to in paragraphs (a) to (g) and (i) must be completed by the transmitter or the customer, as applicable, including typical construction times for facilities.

This detailed CNP CCP covers the processing of requests from customers for a new connection or for a modification to an existing connection to CNP's transmission system. This procedure is consistent with and complementary to the IESO’s Market Rules and the IESO's market procedures as they relate to connection.

The detailed IESO procedure Customer Assessment and Approval (“CAA”) process is documented in Market Manual 2: Market Administration Part 2.10: Connection Assessment and Approval. This can be found on the IESO website at www.ieso.ca. The IESO CAA process is a separate process from CNP's CCP; however, CNP works closely with the IESO on customer

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connections. Although the IESO process is briefly noted in Process Step 2, it is for information only and the connecting customer must refer to the IESO CAA process document.

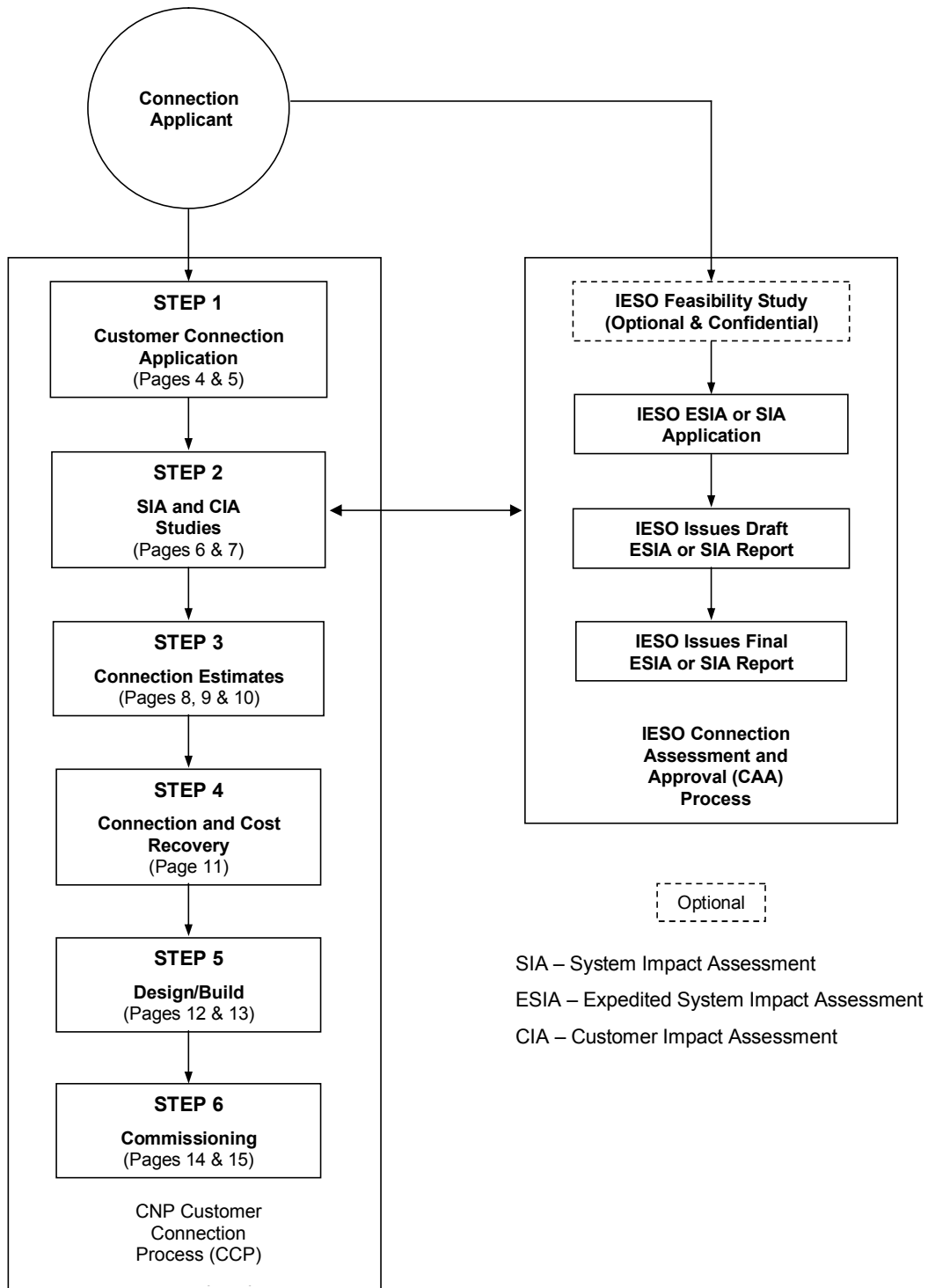
The Connection Applicant must apply directly to the IESO and the IESO will generally involve the Transmitter in the CAA process. However, **it is important for the Connection Applicant to register with CNP by completing a Customer Connection Application** in order to ensure compliance with Market Rules and the Code, to estimate the transmitters cost and to schedule the transmitter resources needed to complete the connection to CNP's transmission system.

CNP's CCP is outlined in Flowchart 1 on the next page. This CNP CCP document, when approved by the Board, will be available on CNP's website www.cnpower.com.

Capitalized terms in this document that are not defined herein shall have the meaning ascribed to them in the Transmission System Code.

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FLOWCHART 1 – CNP’s CUSTOMER CONNECTION PROCESS (CCP)



1 Step 1 – Customer Connection Application

1.1 Introduction

The Connection Applicant will complete the Customer Connection Application Form to initiate the Customer Connection Process with CNP. A single consultation meeting between CNP and the Connection Applicant, at no cost to the Connection Applicant, will occur to clarify the scope of the project and to provide the Connection Applicant with relevant information including the following:

- a single line diagram illustrating the transmission facilities in the area;
- equipment ratings and their available capacity to incorporate the proposed connection;
- information on approved transmission projects in the area that may impact the connection;
- an assessment of whether the proposed connection materially impacts CNP's transmission system based on IESO criteria for an Expedited System Impact Assessment; and
- an overview of CNP's Customer Connections Process (CCP).

At or following the consultation meeting, CNP will not provide any opinion or information on:

- site assessment;
- detailed cost estimates;
- commitment on constructability; or
- commitment to cost or in-service date.

1.2 Customer Connection Application Procedure

1.2.1 The Connection Applicant may request a new or modified connection to CNP's transmission system by carrying out the procedure herein. The Customer Connection Application Form can be downloaded from CNP's website www.cnpower.com.

1.2.2 The Connection Applicant will complete the Customer Connection Application to provide CNP with initial information about their new or modified facilities prior to the consultation meeting.

1.2.3 CNP and the Connection Applicant will meet to discuss the Customer Connection Application as outlined in section 1.1 above. CNP will be prepared to discuss the transmission system in the vicinity of the proposed connection, to identify any issues related to the Connection Applicants proposal and to provide the Connection Applicant with information on any pertinent transmission projects in the area that are part of CNP's transmission plans (refer to Appendix 3 in this document).

1.2.4 The Connection Applicant will provide missing information or clarification of submitted information to CNP upon request. If specific information cannot be provided, CNP may

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propose suitable typical values to be used in CNP's CCP Procedures – P4 – Customer Impact Assessment (“CIA”). It is the responsibility of the Connection Applicant to ensure that its facility that is later installed has values that are acceptable to the Transmitter and the IESO.

- 1.2.5 Following the consultation meeting, the Connection Applicant must inform CNP in writing if they want to proceed with CNP's Customer Connection Process Step 2 – SIA and CIA Studies or if they want to modify or withdraw the Customer Connection Application.

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2 Step 2 – SIA and CIA Studies

2.1 Introduction

The IESO's System Impact Assessment ("SIA") and CNP's Customer Impact Assessment ("CIA") are linked in this step of CNP's CCP. Some of the work CNP performs is common to both assessments and the results of the SIA are an important input to the CIA process.

2.2 IESO System Impact Assessment ("SIA")

The Connection Applicant must apply to the IESO as described in the IESO's Connection Assessment and Approval ("CAA") process documented in the IESO's Market Manual 2: Market Administration Part 2.10: Connection Assessment and Approval. This can be found on the IESO website at www.ieso.ca.

The process consists of an optional (confidential) Feasibility Study and an Expedited System Impact Assessment ("ESIA") or an SIA. CNP is involved in both the ESIA and SIA.

2.3 CNP Customer Impact Assessment ("CIA")

Section 6.4 of the Code requires CNP to carry out a CIA for any proposed new or modified connection:

- i. which is subject to the IESO's CAA process and requires a SIA; or
- ii. where CNP determines that the connection may have an impact on existing customers.

If the IESO determines an ESIA (no formal study) is sufficient then a CIA is not required unless CNP determines there is an impact on the existing transmission customers. If a CIA is not performed, CNP will be required to notify all customers in the vicinity of the connection, advising them of the proposed connection work and the fact that it has no negative impact and that no specific CIA study will be completed.

The Connection Applicant may wish to sign a SIA/CIA Agreement with CNP before the SIA is conducted by the IESO. The SIA/CIA Agreement will cover CNP's work associated with the IESO ESIA/SIA and CNP CIA which will include determining the impact on short circuit levels, facility ratings, neighbouring customers and adequacy of the transmission system facilities at the connection point and in the vicinity.

However, it is not advisable to proceed with the actual CIA work until after the final SIA report is issued by the IESO. In some cases the Connection Applicant may request the CIA to be conducted after the IESO issues the draft SIA report. However, if the CIA needs to be revised because of the final SIA report, CNP will require additional time to revise the CIA report at the Connection Applicant's expense.

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2.4 SIA and CIA Procedure

- 2.4.1 The Connection Applicant applies to the IESO as per the IESO CAA process and may request a confidential IESO Feasibility Study, an ESIA or a SIA. If a confidential Feasibility Study is requested, the IESO issues it to the Connection Applicant without involving CNP.
- 2.4.2 The Connection Applicant requests CNP to prepare an SIA/CIA Agreement which will allow CNP to recover its costs associated with the SIA and CIA. CNP will not invoice the IESO for any amounts attributable to CNP carrying out studies related to the SIA as it relates to this section 2.4.2 and section 2.4.3.
- 2.4.3 CNP and the Connection Applicant will execute a SIA/CIA Agreement to cover the following:
- i. the SIA and CIA study scopes including schedule and reporting format;
 - ii. the provision of additional data that was not supplied with the Customer Connection Application submitted in Step 1;
 - iii. the SIA and CIA study estimated cost, deposit, invoicing and payment schedule and method;
 - iv. the deposit and payment of the study cost based on the payment schedule in the SIA/CIA Agreement; and
 - v. confidentiality and information sharing.
- 2.4.4 Connection Applicant proceeds with an IESO SIA or ESIA.
- 2.4.5 The IESO will issue a draft SIA report to the Connection Applicant and CNP for review prior to finalizing the report.
- 2.4.6 The IESO issues a final ESIA or SIA report.
- 2.4.7 The Connection Applicant requests CNP in writing to conduct the CIA as described in CCP Procedures P4 – Customer Impact Assessment (CIA) Procedure and based on CNP confirming the connection requires a CIA study.
- 2.4.8 The final SIA/CIA Agreement invoice is sent to the Connection Applicant. Connection Applicant remits final payment to the transmitter for completion of services.

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3 Step 3 – Connection Estimates

3.1 Introduction

The Connection Estimates phase provides the Connection Applicant with initial estimates (+/- 20%) of CNP's facilities required for connection, including an economic evaluation of the financial contribution requirements or cost sharing arrangement of the proposed incorporation of facilities as per section 3.2 below for Load Connections or as per section 3.3 below for Generator Connections. The transmission system requirements identified in the IESO System Impact Assessment (SIA) and CNP Customer Impact Assessment (CIA) will be included in the estimate scope.

3.2 Load Connections

When a Load Connection Applicant requests a connection in writing from CNP, CNP shall provide (at no cost to the Connection Applicant) if required, a description of the work that is contestable and the work that is noncontestable as per CCP – Procedures P6 – Contestability Procedure (Load Customers), initial estimates of capital costs as per the Code section 6.6.2 (b) and the calculation of any capital contribution as per CCP – Procedures – P5 Economic Evaluation Procedure (Load Customers). Estimate preparation costs will be charged to Load Customers for preparation of subsequent estimates or to increase the estimate accuracy level from the initial +/- 20%.

3.3 Generator Connections

When a Generator Connection Applicant requests a connection in writing from CNP, CNP will provide at cost to the Connection Applicant estimates of the capital cost of the modification to transmitter-owned connection facilities. The Generator will pay for the fully allocated cost of the minimum design required to meet the Connection Applicant's needs as per the Code section 6.5.1 if the Connection Applicant proceeds with the connection.

3.4 Connection Estimate Procedure:

3.4.1 The Connection Applicant may request in writing to CNP that connection estimates be prepared and, for Load Connection Applicants, that the CCP – Procedures P5 – Economic Evaluation Procedure (Load Customer) be completed to determine the Capital Contribution required by the Connection Applicant.

In the written request, the Load Connection Applicant must indicate specifically what it is requesting to be estimated based on the following:

- i. CNP will provide an estimate of costs to modify its existing connection facilities based on the Connection Applicant designing (based on CNP specifications), constructing and owning the new or modified connection assets external to CNP's existing facilities,

and/or

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- ii. CNP will provide an estimate of costs based on CNP designing, constructing and owning the connection assets with the Connection Applicant maintaining the right to do the detailed design and construction of all the contestable work if it so chooses and transferring the connection assets to CNP.
- 3.4.2 CNP will implement the CCP – Procedures P6 – Contestability Procedure (Load Customers) if the Load Connection Applicant requests estimates based on 3.4.1 ii to determine which work is contestable and which is noncontestable.
- 3.4.3 CNP identifies the Connection Applicant information required to initiate preparation of connection estimates. The required information is identified below:
 - i. connection requirements that describe proposed connection interface:
 - general arrangement and site plan;
 - single line diagram showing all equipment specifications, proposed connection to CNP's system, protection elements and main isolating devices;
 - equipment, protection and operating philosophy and tripping matrix;
 - ii. estimate Scope of Work information requirements;
 - iii. estimate accuracy requirements – Note: Initial estimate accuracy will be +/- 20%;
and
 - iv. high level project schedule indicating target in-service date.
- 3.4.4 A "Scope" meeting with the Connection Applicant is held to review / clarify the connection requirements, estimate scope of work, estimate accuracy level and to draft a Connection Estimate Agreement ("CEA") (developed based on the CCP Agreement Template). The Connection Applicant will provide an electronic copy and two paper sets of the electrical package / connection requirements identified in section 3.4.3 above at least five working days ahead of the "Scope" meeting.
- 3.4.5 CNP will review the Connection Applicant's submitted electrical package / connections requirements for the connection interface. If there are changes required to the connection interface, CNP will convey the changes to the Connection Applicant who will make the changes and submit the revised electrical package / connection requirements.
- 3.4.6 CNP will prepare the final CEA for signatures and submit it to the Connection Applicant for approval. This agreement describes scope of work, estimate accuracy and schedule of preparing the estimates plus any costs to be recovered from the Connection Applicant if applicable.
- 3.4.7 The Connection Applicant will return a signed copy of the final CEA to CNP by the execution date, and remit any required deposit in accordance with the final CEA. CNP will then execute the final CEA by signing the agreement. Once executed, CNP will undertake the work in section 3.4.8.
- 3.4.8 CNP will prepare the estimates for the cost of connection and network facilities associated with the new or modified connection. These estimates will be based on a planning specification developed by CNP after review of the Customer's Electrical Design Package, SIA and CIA.

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- 3.4.9 CNP will determine the cost responsibility for the new or modified connection facilities based on the Code section 6.3 for a Generator Connection Applicant and the Code section 6.3 along with the CCP – Procedures – P5 Economic Evaluation Procedure (Load Customers) for a Load Connection Applicant.
- 3.4.10 CNP submits to the Load Connection Applicant the connection estimate and/or capital contribution calculation – plus, if requested by a Load Connection Applicant, a description of what work is contestable and noncontestable to the Connection Applicant.
- 3.4.11 The Connection Applicant reviews the connection estimates and decides whether to proceed with the proposed connection project or whether additional project work or information is required. CNP will provide any project revisions and additional information at the Connection Applicant’s expense with the process starting again at 3.4.1 in this step.
- 3.4.12 Subject to 3.4.10 above, before proceeding with the connection Step 4 of this CCP a Load Connection Applicant must select one of the following three options (if not already selected) regarding the construction and ownership of the contestable elements of the new or modified connection facilities. Refer to CCP – Procedures P6 – Contestability Procedure (Load Customers) for responsibilities for technical design and construction requirements.
- i. CNP built and owned (pool funded)
 - ii. Connection Applicant built and transferred to CNP (pool funded)
 - iii. Connection Applicant built and owned (not pool funded)
- 3.4.13 The Load Connection Applicant indicates to CNP in writing the option it selected in section 3.4.12 above. CNP will then use the appropriate estimates as inputs to the CCP – Procedures P5 – Economic Evaluation Procedure (Load Customers) for determining the Load Connection Applicant’s capital contribution.
- 3.4.14 For a Generator Connection Applicant, the estimates will be used to calculate the fully allocated cost of the minimum design required to meet the Connection Applicant’s needs as per the Code section 6.5.1, which the Generator Connection Applicant is required to pay.
- 3.4.15 CNP prepares and submits the final CEA invoice to the Connection Applicant where applicable. The Connection Applicant receives the final invoice and remits the final payment.

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4 Step 4 – Connection and Cost Recovery

4.1 Introduction

This step involves negotiating a Connection and Cost Recovery Agreement (“CCRA”) to expedite critical path project work, negotiating a Connection Agreement required under the Code and obtaining the necessary OEB, IESO, Environmental Assessment (“EA”), Ontario Electrical Safety Authority (“OESA”) and other authorities' approvals required for connection. Prior to proceeding with the CCRA Procedure below the following two pre-requisites must have been completed:

- i. Conditional approval from the IESO for the new or modified connection; and
- ii. Completion of the Steps 1, 2 and 3 as outlined in this CNP CCP

4.2 CCRA Procedure:

- 4.2.1 The Connection Applicant requests to proceed with the new connection to the IESO-controlled grid or modification to an existing connection. The request shall be in writing including a statement from the Load Connection Applicant that confirms their choice as per Step 3 – Connection Estimates Section 3.4.13.
- 4.2.2 Based on the agreed scope of work and costs, a CCRA is negotiated. CNP will provide separate CCRA Templates for Load Connection Applicants and Generator Connection Applicants. The CCRA documents the security deposit that is required based on CCP – Procedures – P3 Security Deposit Procedure. The CCRA will also form the basis for amending an existing Connection Agreement or developing a new Connection Agreement with the Connection Applicant.
- 4.2.3 The Connection Applicant returns a signed copy of the CCRA to CNP by the execution date including forwarding the security deposit to CNP as specified in the CCRA. CNP will then fully execute the CCRA by signing the agreement. Full execution of the CCRA will allow CNP to proceed with detailed design, ordering long lead time equipment and necessary approvals, rights, permits and licences.
- 4.2.4 The Connection Applicant and CNP each acquire the necessary regulatory approvals and other permits required for construction. These approvals may include environmental assessment (EA) approvals from the Ministry of the Environment, Section 92 approvals from the OEB as required, ESA plan approvals, easements/property rights, etc.
- 4.2.5 Modifications to the connection proposal that result from any regulatory permits or approvals must be reviewed by the IESO and CNP to assess whether the SIA requires an addendum, whether the CIA requires revision and/or the Connection Estimates require updating.
- 4.2.6 The Connection Agreement and associated schedules that must be completed are provided in the Code in Appendix 1 Version A – Form of Connection Agreement for Load Connection Applicants or Version B – Form of Connection Agreement for Generator Connection Applicants. It is noted that the Connection Agreement must be fully executed before the customer's facilities are commissioned and placed in-service.

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5 Step 5 – Design & Build

5.1 Introduction

This is the longest stage in CNP's CCP with its duration depending on the complexity of the project. Major activities include review/approval of Connection Applicant/CNP connection design, drawings and work plan, acquisition of equipment, easements/property and actual design/build of Connection Applicant facilities, CNP connection facilities and if required CNP network facilities.

CNP normally contracts the detailed design and construction of new or modified facilities through a competitive tendering process although this stage can sometimes be undertaken by CNP if the work on CNP facilities does not entail significant work and or the installation of significant new equipment.

5.2 Design & Build Procedure:

5.2.1 The Connection Applicant and CNP award their respective work to their applicable contractors.

5.2.2 The details of the connection requirements, standards, milestones and deliverables are confirmed between the Connection Applicant and CNP based on the CCRA. The connection interface requirements are especially critical and agreement should be obtained on the detailed design, as soon as practical, on the following

- i. Interfaces (detailed specifications required)
 - line tap to station entrance structures
 - switchyard modifications including breaker upgrades, if required
 - protection changes to Transmitter' terminal stations and others
 - teleprotection
 - SCADA functionality and telemetry quantities
 - telecommunications
 - outage and other operations requirements
- ii. Interface Milestone Schedule
 - Establish milestones for agreed project interface activities and designate responsibilities. These milestones are to be incorporated into the overall project schedule and the CCRA dates should be confirmed or if necessary updated.

5.2.3 The Connection Applicant and CNP proceed to the detailed design phase. The Connection Applicant prepares and submits the Connection Interface Documents in packages as described in detail in the CCRA. The Connection Applicant must ensure that all required documents for each package is provided in a complete and timely manner or the CCRA scheduled dates may have to be changed, as CNP's review usually cannot begin until the receipt of all documents within a given package. Requests for review of documents provided by the Connection Applicant in partial packages will increase the Connection Applicant's costs for CNP's design review. CNP's target is to provide

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- comments from the design review to the Connection Applicant within two weeks of receiving each complete document package.
- 5.2.4 Based on the comments from CNP's design review the Connection Applicant revises the affected Connection Interface Documents and submits revised documents to CNP for final review before commission starts. The later in the project the revised documents are sent for the final review the more likely changes will be required during the construction of the facilities as a result of any further CNP comments.
 - 5.2.5 The applicable contractors for the Connection Applicant and for CNP procure the necessary equipment and materials, obtain the necessary easements/property and receive the necessary construction approvals and permits.
 - 5.2.6 The applicable contractors for the Connection Applicant and for CNP proceed to construct the required customer connection facilities as proposed in the CCRA including modification or additions to CNP's network facilities.
 - 5.2.7 The applicable contractors for the Connection Applicant and for CNP will develop an integrated outage plan which lists all outages that will directly affect CNP's transmission system. CNP will arrange to inform directly affected customers about the outage plan to ensure existing customers are informed of the impacts of outages related to the new connection and have an opportunity to provide input to the outage plan.
 - 5.2.8 The Connection Applicant and CNP complete the IESO Facility Registration process for their respective new or modified facilities. The Connection Applicant's IESO Facility Registration forms are also used as part of the Connection Agreement to be negotiated between the Connection Applicant and CNP.
 - 5.2.9 The Connection Applicant and CNP negotiate the Connection Agreement as defined in the Code Appendix 1 including the Connection Applicant providing CNP with all the information required for the Connection Agreement schedules.
 - 5.2.10 The Connection Applicant and CNP sign the Connection Agreement prior to commissioning. The Connection Applicant sends a copy of the signed Connection Agreement to the IESO.

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6 Step 6 – Commissioning

6.1 Introduction

New or modified customer connections require thorough inspection, testing and commissioning to mitigate the potential for new and modified facilities to adversely affect the performance of CNP's transmission system. Inspection, testing and commissioning are carried out on both the customer and CNP new or modified facilities.

CNP reserves the right to be a participant in the inspection, testing and witnessing of commissioning of the customer built facilities and to recover its costs from the customer for these activities as per the Code Appendix 1 Section 28.2.1.

6.2 Commissioning Procedure:

- 6.2.1 The Connection Applicant and its commissioning agent develops a commissioning plan (includes inspection, testing and commissioning activities) for all customer built facilities that is to be reviewed and commented on by CNP. A list of potential inspection, testing and commissioning requirements that may be used to guide the customer commissioning agent will be provided by CNP on request. The commissioning plan must be submitted to CNP for review no later than 30 business days (Code Appendix 1 Schedule E section 1.7.4) prior to beginning commissioning tests. Failure to comply with this timeline could delay the project in-service date.
- 6.2.2 Based on the commissioning plan CNP will inform the Connection Applicant and its commissioning agent regarding which parts of the commissioning plan that CNP will participate in by having its staff present at the Connection Applicant's facilities to witness the commissioning.
- 6.2.3 The Connection Applicant and its commissioning agent perform and complete all commissioning activities on the Connection Applicant-owned facilities. At completion of these activities, the Connection Applicant's commissioning agent completes and signs the appropriate Confirmation of Verification Evidence Report (COVER) Form provided by CNP. Failure to comply with the connection requirements or to pass the required commissioning and verification checks will result in non-connection of the facilities until after any outstanding issues are resolved. These documents are to be forwarded to CNP prior to the in-service of the Connection Applicant's facilities.
- 6.2.4 The Connection Applicant must provide copies of all commissioning reports for all the new or modified equipment being placed in-service and listed in the Connection Agreement.
- 6.2.5 Transfer of Connection Applicant built facilities to CNP based on a Load Connection Applicant's election in Step 3 – Connection Estimates section 3.4.13. The transfer price is to be the lesser of the Connection Applicant's actual cost or CNP's reasonable cost to do the same work as per the Code Section 6.6.2 (g).
- 6.2.6 CNP facilities are commissioned. CNP's commissioning coordinator/agent completes a Field Report of Equipment In-Service (REIS) Form(s) for CNP's facilities including any

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- transferred facilities documented in section 6.2.5 above. The completed form(s) are to be forwarded to CNP.
- 6.2.7 CNP contractor(s) for the CNP constructed facilities will complete the Transfer of Control Form(s) and the Connection Applicant's contractor(s) for facilities transferred in section 6.2.5 above will complete a Transfer of Control Form(s) provided by CNP. The completed form(s) are to be forwarded to CNP.
- 6.2.8 The Connection Applicant will forward a copy of the IESO's New Facility Notification Form which indicates the customer facilities are approved for connection by the IESO to CNP.
- 6.2.9 CNP will inform the IESO the equipment is ready for service based on the documents provided in sections 6.2.2, 6.2.3, 6.2.6, 6.2.7 and 6.2.8 in this procedure plus a Report for Connecting Customer Equipment (RCCE) completed by CNP's commissioning coordinator/agent.
- 6.2.10 When all the documentation has been provided to CNP, CNP's facilities and the Connection Applicant's facilities can be placed in-service and the witness on potential checks and on load checks can be completed. The Connection Applicant's Commissioning Agent completes and signs the appropriate Confirmation of Verification Evidence Report (COVER) provided by CNP. The completed form(s) are to be forwarded to CNP.
- 6.2.11 CNP for a Load Connection Applicant will update the economic evaluation based on the actual capital costs of the work completed and owned by CNP. CNP will provide the Load Connection Applicant with the revised economic evaluation including an invoice to the Load Connection Applicant or refund depending on the revised capital contribution required as per the Code section 6.5.2.
- 6.2.12 CNP will provide a Generator Connection Applicant with a final invoice or credit based on the actual capital costs.
- 6.2.13 The Connection Applicant will submit to CNP the final as built Interface Connection Documents as per the CCRA.
- 6.2.14 The CCRA and Connection Agreement are managed for the life of the contracts. This includes monitoring the factors that are used to manage "true-up" payments for Load Connection Applicants as per the Code sections 6.5.3 to 6.5.11 and as per the CCRA. CNP shall provide a refund to the Load Connection Applicant if capacity is assigned to another load customer within five years of the date on which the connection facility comes into service (Code section 6.2.24) and as per the CCRA.

Procedure P1

**Total Normal Supply Capacity Procedure
(Load Customers)**

P1 – Total Normal Supply Capacity Procedure (Load Customers)

1 Introduction

This Appendix has been prepared based on the intent of the revised Code dated July 25, 2005 section 6.2.7. It outlines the procedure CNP will use for establishing the total normal supply capacity of existing transformation or line connection assets for use in calculating Available Capacity as outlined in CCP Procedures – P2 – Available Capacity Procedure (Load Customers).

2 TNSC – Line Connection Assets

Individual Line Connection Asset – Normal Supply Capacity (NSC)
Summer Rating – MW capacity assuming a 90% power factor and based on the actual continuous design rating for the line.
Winter Rating – MW capacity assuming a 90% power factor and based on the actual continuous design rating for the line.

Where a connection element is not normally operated in parallel the total normal supply capacity (TNSC) will be the NSC of the individual element.

Once the individual NSC of all the line connection elements is identified, the TNSC will be based on the following where there are lines normally operated in parallel:

Number of line elements (n) in parallel minus one (1) multiplied by the line rating with the lowest NSC.

$$(n-1) \times \text{lowest NSC} = \text{TNSC}$$

This is based on the principle of allowing for the loss of one element without exceeding NSC rating on the remaining line connection element(s) that are normally operated in parallel.

The exception to the above is where the maximum load that can be supplied while meeting acceptable voltage levels as established by CNP for a single line element or for n-1 elements for lines operated in parallel is less than the TNSC calculated as above.

3 TNSC – Transformation Connection Assets

Individual Transformation Connection Asset – Normal Supply Capacity (NSC)
Summer Rating – Nameplate Rating with full cooling. In addition to NSC some transformers will also have a 10 day limited time rating (10day-LTR) calculated.
Winter Rating – Nameplate Rating with full cooling. In addition to NSC some transformers will also have a 10 day limited time rating (10day-LTR) calculated.

Where a transformation connection element is not normally operated in parallel the TNSC will be the NSC of the individual transformer not the 10day-LTR.

Once the individual NSC of all the transformation connection elements is identified, the TNSC will be based on the following where there are transformers normally operated in parallel:

Number of transformer elements (n) in parallel minus one (1) multiplied by the lowest 10day-LTR if the transformers have LTR ratings otherwise the lowest NSC.

$$(n-1) \times \text{lowest 10day-LTR (or lowest NSC)} = \text{TNSC}$$

This is based on the principle of allowing for the loss of one element without exceeding the 10day-LTR (or NSC) rating on the remaining transformer(s) that are normally operated in parallel.

4 TNSC – Information to Customers

CNP will provide applicable TNSC information to load customers as part of the CCP Procedures – P6 – Available Capacity Procedure (load customers).

5 TNSC – Maintaining Data

CNP will update the TNSC for connection facilities as required due to changes, additions and removal of facilities. The updated values will be reviewed to see if there is a need to trigger the CCP Procedures – P6 – Available Capacity Procedure (Load Customers). CNP reserves the right to change the TSNC value of a connection facility where new information impacting that value becomes known.

Procedure P2

**Available Capacity Procedure
(Load Customers)**

P2 – Available Capacity Procedure (Load Customers)**1 Introduction**

This Appendix has been prepared based on the intent of the revised Code dated July 25, 2005 section 6.2 AVAILABLE CAPACITY which outlines for transmitters how to calculate available capacity and how to assign available capacity. It applies to line and transformation connection facilities as defined in the Code sections 2.0.39 and 2.0.60.

CNP will not assign available capacity on any of its network facilities as defined in the Code section 2.0.45. CNP will not assign available capacity on its connection facilities as defined in the Code section 2.0.13, for back-up purposes (Code section 6.2.1).

2 Implementation – Available Capacity Procedure

2.1 CNP shall implement this Available Capacity Procedure when: (Code sections 6.2.11 or 6.2.26).

- (a) the available capacity on a connection facility is reduced to 25% or less of the total normal supply capacity of that connection facility; or
- (b) a load customer requests supply capacity on a connection facility that would reduce the available capacity on that connection facility to 25% or less of the total normal supply capacity of that connection facility; or
- (c) a load customer requests the available capacity on a connection facility

2.2 Where there is more than one application for available capacity on the applicable connection facility based on demonstrated need (refer to section 4 in this procedure), the available capacity will be assigned to the relevant load customers in proportion to their respective needs (Code section 6.2.12 (e)).

3 Implementation – Expansion Study

3.1 CNP shall ensure that there is sufficient available capacity on its connection facility to satisfy: (Code section 6.2.5)

- (a) the capacity entitlement of each load customer on that connection facility, determined in accordance with the Code section 6.2.4; and
- (b) the assigned capacity and the contracted capacity of all load customers in relation to that connection facility at the relevant time.

3.2 CNP shall conduct an Expansion Study when CNP considers it necessary to ensure that there is sufficient available capacity on CNP's facility to meet the obligations in section 3.1. The Expansion Study will include reviewing if provision of new supply capacity is best accomplished by means of an increase in capacity of an existing connection facility or the construction of a new connection facility.

- 3.3** When conducting an Expansion Study CNP shall notify, in writing, all load customers served or that CNP knows are expected to be served by the existing or new connection facility. (Code section 6.2.14). Where a new connection facility is proposed under the Code section 6.2.14, CNP shall use best efforts to notify all load customers served by existing connection facilities adjacent to the proposed new connection facility. (Code section 6.2.15) The CNP letter to all load customers shall contain the information documented in sections 9.7.2 to 9.7.6 in this procedure plus the following additional information:
- 3.3.1 the reason CNP is conducting the Expansion Study at this time and the time table for completion of the Expansion Study;
 - 3.3.2 the right of load customers served by existing adjacent connection facilities to apply to reconfigure their respective load as described in the Code section 6.2.15; and
 - 3.3.3 the load customer is to indicate if they are proposing to reconfigure load including the details of the reconfiguration.
- 3.4** CNP shall post on its website a notice of its proposal to carry out an expansion study and of the right of load customers served by existing adjacent connection facilities to apply to reconfigure their respective load as described in the Code section 6.15.
- 3.5** CNP will initiate the following steps of section 9 in this procedure so the total normal supply capacity (section 9.3), individual customer assigned capacity (section 9.4), total assigned capacity (section 9.4) and available capacity (section 9.5) can all be re-calculated based on any load customer(s) requests for additional assigned capacity and/or requests for load reconfiguration.
- 3.6** If a load customer applies to CNP to reconfigure load to the proposed new connection facility, CNP shall negotiate in good faith with the customer to determine the terms and conditions that will govern the reconfiguration. Where CNP receives applications from load customers in circumstances where the applications cannot all be accommodated by CNP, CNP shall nonetheless negotiate in good faith with all such customers to determine the terms and conditions that will govern the reconfiguration, and shall then reconfigure the load of each load customer with whom it has successfully negotiated such terms and conditions in proportion to its assigned capacity or contracted capacity. (Code section 6.2.15)
- 3.7** CNP will update the available capacity on the connection facilities and assigned capacity for each customer taking into consideration any reconfigured customer load.
- 3.8** CNP will determine the timing of any need to undertake further work on the Expansion Study with the affected Customers due to insufficient available capacity in existing facilities after completing 3.6 in this procedure.
- 3.9** Upon completion of an Expansion Study, CNP shall advise all affected load customers of the available capacity on all relevant existing and new connection facilities before and after the expansion (Code section 6.2.16) while respecting the confidentiality provisions

of the Code section 6.2.27 and 4.7.1. Before disclosing the available capacity on a connection facility that serves only one customer, CNP must first obtain the consent of that customer. Where such consent cannot be obtained, CNP must request guidance from the Board. (Code section 6.2.27)

4 Demonstrated Customer Need for Assigned Capacity

4.1 Subject to section 2.2 in this procedure, CNP shall assign available capacity on a connection facility to load customers on a first-come first-served basis. CNP shall not assign capacity to a load customer unless the customer has demonstrated its need for available capacity in accordance with the requirements of CNP listed below as required by the Code section 6.2.12 (d): (Code section 6.2.10)

4.1.1 the customer shall provide all the data in its written request for available and/or assigned capacity as detailed in section 9.2 of this procedure;

4.1.2 the customer's five year forecast must be in line with their historical usage otherwise additional information must be provided re: specific expansion plans (such as a business plan);

4.1.3 the customer shall provide supporting documentation for their load forecast under a cover letter signed by an officer of the customer;

4.1.4 the customer's expansion plan is in line with their historical performance, sector performance and the general economic outlook for the Province of Ontario; and

4.1.5 the customer must identify all government and regulatory issues related to its request for available capacity or assigned capacity.

4.2 These obligations shall apply whether or not implementation of the available capacity procedure is required by section 2.1 of this procedure. (Code section 6.2.10)

5 Determination of Customer Assigned Capacity

5.1 Load Customer's Assigned Capacity

The load customer's assigned capacity in relation to a connection facility shall be equal to the aggregate of: (Code section 6.2.2)

- (a) the customer's highest rolling three-month average peak load under normal operating conditions:
 - i. in the most recent five years, where the determination of the customer's assigned capacity is made after May 1, 2007, or
 - ii. since May 1, 2002, where the determination of the customer's assigned capacity is made on or before May 1, 2007; and

- (b) any available capacity that has been assigned to the customer and that has not yet been taken up by the customer nor cancelled by the transmitter under section 7 in this procedure.

If a load customer's facility has been connected to the connection facility for a period of less than five years, for purposes of determining the customer's assigned capacity CNP shall use the customer's highest rolling three-month average peak load in the year or years during which the customer's facility has been connected to the connection facility. Where CNP reasonably believes that a customer is manipulating its load for the purpose of the determination of its assigned capacity, CNP may request that the Board review and re-determine that assigned capacity.

5.2 Load Customer's Contracted Capacity

Where an economic evaluation, including an economic evaluation referred to in the Code section 6.2.24, 6.3.9 or 6.3.17, was conducted by CNP for a load customer in relation to a connection facility on the basis of a load forecast, that customer's contracted capacity shall, during the economic evaluation period to which the economic evaluation relates, be equal to the load identified in that load forecast or in any subsequent forecast used for purposes of giving effect to the true-up provisions of the Code section 6.5. (Code Section 6.2.3)

A load customer with contracted capacity on a connection facility shall, in any year, be entitled to capacity in an amount that is equal to: (Code section 6.2.4)

- (a) the amount of capacity for that year as specified in the applicable load forecast referred to in the paragraph above; or
- (b) the customer's assigned capacity for that year,

whichever is greater.

6 Assignment of Capacity by CNP

6.1 Where a load customer requests an assignment of capacity on a connection facility, CNP shall determine the available capacity of that connection facility (Code section 6.2.8).

6.2 Where CNP assigns capacity on a connection facility to itself (in its capacity as a customer) or to a load customer that is an affiliate of CNP, CNP shall give notice of such assignment to all other customers served by the connection facility regardless of whether such assignment triggers implementation of this available capacity procedure (Code section 6.2.13).

6.3 Where available capacity is assigned to a load customer in relation to a connection facility and the customer has a connection agreement, the contracted capacity and load shape shall be specified in the connection agreement (Code section 6.2.17).

6.4 Subject to section 7.1 in this procedure, available capacity that has been assigned to a load customer in relation to a connection facility may not, without the consent of the

customer, be reassigned by CNP nor be reassigned by the customer except, in connection with a change in ownership of the facilities to which the assigned capacity relates. CNP shall, upon request, reassign assigned capacity as required to reflect such change in ownership (Code section 6.2.18).

- 6.5** Upon request, CNP shall assign available capacity on a CNP-owned connection facility to serve an existing load customer's load unless CNP can demonstrate that the available capacity will not meet the customer's needs. (Code section 6.2.22)
- 6.6** When a load customer provides its own connection facilities to serve new load, CNP shall not assign capacity on the relevant CNP-owned connection facilities to that customer in relation to that new load (Code section 6.2.23).
- 6.7** Similar to the TNSC, available capacity and assigned capacity will be specified in units of MW assuming a power factor of 90% unless otherwise noted.

7 Cancellation of Assigned Capacity by CNP

- 7.1** Subject to section 7.2 below, where available capacity on a connection facility has been assigned to a load customer by CNP, and that capacity has not been taken up by the customer within one year of the assignment (except where that capacity is included in a load forecast referred to in the Code section 6.2.3), CNP shall: (Code section 6.2.19)
 - (a) cancel the assignment;
 - (b) treat such capacity as available capacity; and
 - (c) notify all other load customers whose facilities are served by that connection facility of the cancellation of the assignment.

The one-year period continues to run regardless of any change in the ownership of the facility to which the assigned capacity relates or of any reassignment of the assigned capacity as a result of that change in ownership.

- 7.2** A load customer may request that CNP extend the one-year period referred to in section 7.1 above where circumstances warrant, such as where the customer is constructing new facilities that require more than one year to come into service. CNP shall not unreasonably deny such a request. Where CNP denies such a request, the customer may apply to the Board for an order requiring CNP to extend the one-year period. (Code section 6.2.20)
- 7.3** Where CNP extends the one-year period referred to in section 7.1 above in relation to itself (in its capacity as a customer) or a load customer that is an affiliate of CNP, CNP shall give notice of such extension to all other load customers served by the applicable connection facility. (Code section 6.2.21)

8 Monitoring of CNP Connection Facilities for Available Capacity

- 8.1** CNP shall from time to time as required monitor the available capacity on its connection facilities (Code section 6.2.9) which may involve determining the total assigned capacity on a connection facility (Code section 6.2.6) and determining available capacity on a connection facility (Code section 6.2.7).
- 8.2** On an ongoing basis CNP will monitor the actual loading on its connection facilities by analyzing available data which will indicate the loading on each connection facility. When a peak load reading on a connection facility is greater than 75% of the total normal supply capacity of the connection facility/facilities CNP will implement this Available Capacity Procedure as per section 2 in this procedure.
- 8.3** CNP will maintain a listing of all CNP connection facilities including the present total normal supply capacity of the connection facilities and the peak load each year on the connection facilities. When the Available Capacity Procedure is implemented and completed, CNP will maintain the report which documents individual customer assigned capacity including supporting data, total normal supply capacity of the connection facilities involved and available capacity of the connection facilities.

9 Available Capacity Procedure

- 9.1** The Available Capacity Procedure is initiated (refer to section 2 in this procedure) either by a load customer requesting supply capacity or available capacity on a connection facility or by CNP when the available capacity is reduced to 25% or less. Where CNP initiates the Available Capacity Procedure the process will start at section 9.3 below.
- 9.2** The load customer(s) shall request assigned capacity on a connection facility or request available capacity on a connection facility in writing to CNP. The Customer Connection Application Form shall also be completed when requesting supply capacity for new load. As part of the written request the customer will also provide:
- 9.2.1** the load customer's load forecast for the next 5 years in a format as specified in CNP's Load Forecast Form; and
- 9.2.2** amount of assigned capacity requested.

The load customer's written request shall be signed by an officer of the customer.

- 9.3** CNP will review the total normal supply capacity (TNSC) as per CCP – Procedures P1 – Total Normal Supply Capacity Procedure (Load Customers) and confirm the present TNSC of the facilities to be studied.
- 9.4** CNP will calculate the total assigned capacity on the connection facility including if applicable any additional capacity applied for in section 9.2. The total assigned capacity shall be the aggregate of the assigned capacity as per sections 5.1 or 5.2 in this procedure of each load customer whose facilities are then served by the connection facility. In making this determination, CNP shall take into account the normal size and shape of the

load of each load customer served by the connection facility, excluding anomalous situations such as reconfigurations that may be required by the IESO, temporary load transfers, or emergencies. (Code section 6.2.6)

- 9.5** CNP will calculate the available capacity on the connection facility. The available capacity shall be determined by subtracting the total assigned capacity of the connection facility, determined in accordance with section 9.4 above, from the total normal supply capacity (TNSC) for that connection facility as per section 9. in this procedure. (Code section 6.2.7)
- 9.6** If CNP can determine that less than 75% of the TNSC will be assigned including application(s) for new capacity, then CNP will proceed to inform the Connection Applicant in writing of its assigned capacity and this Available Capacity Procedure ends.
- 9.7** If CNP determines that greater than 75% of the TNSC will be assigned including the application(s) for new capacity then CNP will notify, in writing, all load customers whose load affects the transformation or line connection facilities under study including the Connection Applicant. The letter shall contain the following information:
- 9.7.1 the reason CNP is conducting an Available Capacity Procedure and the time table for completion of the Available Capacity Procedure;
- 9.7.2 information describing the transformation and/or line connection facilities involved including the available capacity of the facilities;
- 9.7.3 the load customer shall be requested to provide a load forecast for the next 5 years in a format as specified in CNP's Load Forecast Form and the requirement as per section 4.1.3 in this procedure;
- 9.7.4 indicate the load customer may apply for additional available capacity which will require it to follow section 9.2 in this procedure;
- 9.7.5 indicate the load customers have 20 business days to provide the necessary information to CNP; and
- 9.7.6 indicate that requests for available capacity received after 4:00 pm on the 20th business day will be assessed after the current Available Capacity Procedure study is complete.
- 9.8** CNP will re-calculate the available capacity of the connection facilities by determining each customer's assigned capacity based on 9.4 in this procedure including any additional assigned capacity applied for by customers. If there is insufficient available capacity the additional assigned capacity will be assigned based on section 2.2 in this procedure.
- 9.9** CNP will determine if the available capacity on the connection facility will require modification to existing or new connection facilities and therefore trigger an Expansion Study as per section 3 of this procedure.

- 9.10** CNP will inform all affected load customers and the Connection Applicant(s) in writing of the available capacity procedure results while respecting the confidentiality provisions of the Code sections 6.2.27 and 4.7.1. Before disclosing the available capacity on a connection facility that serves only one customer, CNP must first obtain the consent of that customer. Where such consent cannot be obtained, CNP must request guidance from the Board. (Code section 6.2.27).

Procedure P3

Security Deposit Procedure

P3 – Security Deposit Procedure

1 Introduction

This Security Deposit Procedure was developed based on the requirements in the Code section 6.3.11. The purpose of this Security Deposit Procedure is to mitigate risk during the construction phase of a connection. This Security Deposit Procedure does not limit CNP's rights in regard to security required to mitigate risk in regard to non-construction phases of connection.

2 Form of Security Deposit

The Connection Applicant may choose to provide a security deposit in the form of cash, letter of credit, surety bond as may be selected by the Connection Applicant or such other form as the Connection Applicant and CNP may agree. (Code section 6.3.11 (a)) If the Connection Applicant has an affiliate with a good credit rating and the affiliate is willing to provide a guarantee towards the Connection Applicant's indebtedness, CNP may consent to the use the affiliate's guarantee as the security deposit for the Connection Applicant.

3 Amount of Security Deposit

3.1 Load Customers:

A deposit is required for a signed Connection and Cost Recovery Agreement (CCRA) for connection of a load customer's new facilities to CNP's Transmission System. The Connection Applicant shall provide a security deposit equal to the total connection and network facility cost estimated by CNP to be incurred by CNP minus, if applicable, the estimated cost of any contestable work the customer has elected to carry out and the Connection Applicant's Capital Contribution which the Connection Applicant has agreed to pay as documented in the CCRA which is described in the CCP – Step 4 – Connection and Cost Recovery.

3.2 Generation Customers:

The deposit is required for a signed CCRA for connection of a generator's new facilities to CNP's Transmission System. The Connection Applicant shall provide a security deposit equal to the total connection and network facility cost estimated by CNP to be incurred by CNP minus the Connection Applicant's progress payments for connection facility costs which the Connection Applicant has agreed to pay as documented in the CCRA which is described in the CCP – Step 4 – Connection and Cost Recovery.

4 Interest

Interest to be paid by CNP upon returning a security deposit that is in the form of cash will be paid at the following rates: (Code 6.3.11 (b))

- i) for the period between the date on which the security deposit was provided by the Connection Applicant and the date on which the security deposit is required to be returned by CNP, at the average over the period of the prime lending rate set by the Bank of Canada less two percent; and

- ii) for the period after the date on which the security deposit is required to be returned by CNP, at the prime lending rate set by the Bank of Canada plus two percent.

5 Retention of All or Part of the Security Deposit

CNP shall be entitled to keep, draw down, redeem etc., as the case may be, all or a part of a security deposit that has been given in relation to the construction or modification of connection or network facilities where the Connection Applicant subsequently fails to connect its facilities to CNP's new or modified facilities. (Code section 6.3.11 (c))

CNP shall not otherwise retain a security deposit given in relation to the construction or modification of network facilities unless the Board has first determined under the Code section 6.3.5 that exceptional circumstances exist so as to reasonably require the Connection Applicant to make a capital contribution for the construction or modification of network facilities. (Code section 6.3.11 (c))

6 Return of Security Deposit

Where the security deposit is in the form of cash, CNP shall return the security deposit to the Connection Applicant, together with interest at the rate referred to in section 4.0 in this procedure, less the amount of any capital contribution owed by the Connection Applicant, once the Connection Applicant's facilities are connected to CNP's transmission facilities. Where the security deposit is in a form other than cash, CNP shall return the security deposit to the Connection Applicant once the Connection Applicant's facilities are connected to CNP's transmission facilities and any capital contribution has been paid. (Code section 6.3.10)

For the purposes of the above paragraph the term 'capital contribution' shall mean the capital contribution for a Load Connection Applicant that is required to be paid to CNP and/or the fully allocated cost of connection facilities that the Generator Connection Applicant is required to pay to CNP.

7 Alternative Security

Where an affiliate guarantee has been furnished as security, if the Connection Applicant or an affiliate of the Connection Applicant, experiences a "material change in financial risk" as defined by the Ontario Securities Act (R.S.O. 1990) as amended, the Connection Applicant must advise CNP within five (5) business days of the change, and CNP shall have the right to require security in a different form. The Connection Applicant will have five (5) business days to comply with CNP's request.

8 Customer Requiring Capacity in the Future

Where CNP is, at the time at which it is constructing a connection facility for a customer, aware of another future customer that will need capacity within five years of the construction of the connection facility, CNP shall add that capacity to the connection facility at the time of

construction, provided that it obtains a security deposit in a form referred to in the code section 6.3.11 from that future customer to cover the cost of that additional capacity. The amount of the capital contribution to be obtained from the current customer and the amount or value of the security deposit to be collected from the future customer shall be determined using the economic evaluation methodology set out in the Code section 6.5, the load forecasts of both customers and the methodology for attributing that capital contribution as described in the Code section 6.3.14, 6.3.15 or 6.3.16. At the time of connection of the future customer's facilities, CNP shall where required redo the original economic evaluation using the same inputs except for any revised load forecast provided by the future customer. This will determine the amount of capital contribution to be collected from the future customer. Where the security deposit is in the form of cash, CNP shall return the security deposit to the future customer at the time of connection of its facilities to the connection facility, together with interest at the rate referred to in the Code section 6.3.11, less the amount of the future customer's capital contribution. Where the security deposit is in a form other than cash, the transmitter shall return the security deposit to the future customer upon receipt of the customer's capital contribution. (Code section 6.3.9)

9 Security Deposit Procedure

- 9.1** CNP will calculate the security deposit the Connection Applicant is required to provide CNP as per section 3.0 in this procedure
- 9.2** The Connection Applicant will inform CNP in writing regarding the form of the security deposit based on section 2.0 in this procedure.
- 9.3** CNP will review the form of the security deposit to determine if it is acceptable to CNP. If it is not acceptable, CNP will inform the Connection Applicant of any additional requirements.
- 9.4** CNP and the Connection Applicant will finalize the form and amount of the security deposit and document both in the CCRA which is described in the CCP – Step 4 – Connection and Cost Recovery. CNP may require each Connection Applicant to provide the security deposit at or before the time of executing a CCRA.
- 9.5** As required, CNP will request an additional security deposit as per section 7.0 in this procedure, retain all or part of the security deposit as per section 5.0 in this procedure and/or return of the security deposit as per section 6.0 in this procedure including interest if applicable as per section 4.0 in this procedure.

Procedure P4

Customer Impact Assessment (CIA) Procedure

P4 – Customer Impact Assessment (CIA) Procedure

1 Introduction

The CIA is required to determine the impact of new or modified connections on existing transmission customers as per the Code section 6.4 CUSTOMER IMPACT ASSESSMENTS. CNP as the transmitter is required to conduct CIA studies.

- 1.1** The CIA study is limited to assessing the impact of the new or modified connection on the supply at the transmission connection/delivery points to other transmission customers. It is the responsibility of each transmission customer to determine the impact and modifications to their electrical facilities and to advise CNP through the CIA process. CNP will issue a draft of the CIA report to customers who may be potentially impacted by the connection and those customers are required to provide feedback. CNP will include the unedited version of this feedback in the final CIA report and CNP will not take responsibility for the contents of the transmission customer's feedback. A copy of the final CIA report will be sent to the IESO, to each customer whose facilities are located in the study area and the Ontario Electrical Safety Authority (OESA) as per the Code section 6.4.5.
- 1.2** The decision on the level of modifications at a customer's facility that can be attributed to the new or modified connection, as well as the assignment of cost responsibilities for the identified enhancements/modifications, are outside CNP's accountabilities. Affected customers should refer to the Code section 6.4.4 regarding cost responsibilities. (Code section 6.4.3)

2 Requirements for a CIA Study

A CIA is required for all new or modified connections which are subjected to the IESO's Customer Assessment and Approval (CCA) process and require a System Impact Assessment (SIA). If the IESO determines an Expedited SIA (no formal study) is sufficient then a CIA is not required unless CNP determines there is an impact on the existing transmission customers. If a CIA is not performed, CNP will be required to notify all customers in the vicinity of the connection, advising them of the proposed connection work and the fact that it has no negative impact and that no specific CIA study will be done.

The scope of the CIA study and report will be project specific, depending on the complexity of the connection project and the extent of its impact on other transmission customers.

3 Responsibilities of Each Party

3.1 Responsibilities of Connection Applicant

- 3.1.1** Execute a CIA Agreement with CNP. The Agreement will allow CNP to provide the final CIA report to the IESO, each customer whose facilities are located in the study area and the OESA.
- 3.1.2** Provide information and data as required by CNP to conduct the CIA.

3.1.3 Pay the cost of the CIA study as per the CIA Agreement

3.2 Responsibilities of CNP

3.2.1 Conduct a CIA for all new or modified connections to the IESO-controlled grid when required by the Code and as determined by CNP.

3.2.2 Execute a CIA agreement with the Connection Applicant. The Agreement will allow CNP to provide the final CIA report to the IESO, each customer whose facilities are located in the study area and the OESA.

3.2.3 Prepare a draft CIA report attached to a covering letter to customers in the vicinity of the new or modified connection that references the responsibility of the transmission customers:

- to identify modification on their facilities that are triggered by the proposed new or modified connection;
- to upgrade its facilities in accordance with section 24.3 of its Connection Agreement;
- to carry out those modifications two weeks prior to the connection applicant's proposed initial in-service date; and
- to provide the transmitter with ESA approval (where required) and a detailed description of the upgrades that were undertaken.

The report should reference the IESO's SIA study and report.

3.2.4 Include the unedited feedback from customers in the vicinity of the new project in the final CIA report.

3.2.5 Provide the final report of the CIA results to the IESO, the Connection Applicant, each customer whose facilities are located in the study area and the OESA.

3.2.6 Provide an invoice of the cost of the CIA study to the Connection Applicant based on CNP's approved fee schedule and as per the CIA Agreement.

3.3 Responsibilities of Other Transmission Customers

3.3.1 Provide a preliminary assessment of expected impacts and modifications on its own electrical facilities to CNP which will become an unedited part of the final CIA Reports.

3.3.2 Confirm the modifications that are required on its facilities with CNP together with the required lead-time for such changes.

- 3.3.3 Upgrade the facilities affected by the new connection in accordance with section 24.3 of its connection agreement.
- 3.3.4 Provide documented proof to CNP that all modifications on its own facilities are in place two weeks prior to the planned initial in-service date for the new or modified connection facilities. The documentation shall include ESA approval (where required) and a detailed description of the upgrades that were undertaken.

3.4 Responsibilities of the IESO

- 3.4.1 Advise Connection Applicants to submit an application to CNP.
- 3.4.2 Advise CNP of all Connection Applicants registering for the IESO's CAA process.
- 3.4.3 Advise CNP if an SIA will be conducted by the IESO so CNP can assess if a CIA is required.
- 3.4.4 Ensure that the SIA report references CNP's CIA report.

4 CIA Study and Report

CNP's CIA study will be initiated upon the execution of a CIA Agreement with the Connection Applicant and the IESO has issued its final SIA report and the Connection Applicant requests in writing instructing CNP to proceed with the CIA study.

CNP will conduct the CIA to determine the expected technical impact on its existing customers on the following as appropriate:

- a. short circuit levels at the customer connection/delivery point;
- b. supply voltage levels at the customer connection/delivery point;
- c. adequacy/capacity of supply facilities at the customer connection/delivery point; and
- d. reliability of the supply at the customer connection/delivery point.

Information from the IESO SIA will be used to complete the CIA Report.

A transmitter shall use the results of a CIA to provide each customer affected by a proposed new or modified connection with a new available fault current level in order to allow each customer to take, at its own expense, action to upgrade its facilities as may be required to accommodate the new available fault current level up to the maximum allowable fault levels set out in the Code Appendix 2. (Code section 6.4.4)

5 CIA Procedure

- 5.1 CNP will prepare a draft CIA report to outline the CIA study results within 15 to 30 business days, depending on the complexity of the connection application of the Connection Applicant requesting in writing that the CIA proceed and the issuing of the IESO's final SIA report.

- 5.2** CNP will issue the draft CIA report to the IESO, Connection Applicant and transmission customers in the vicinity of the new or modified connection.
- 5.3** Transmission customers in the vicinity of the new or modified connection will have 30 business days to provide their feedback from the issuance of the draft CIA report.
- 5.4** A final CIA report with customer feedback will be completed within 15 business days of the date the customers in the vicinity of the new or modified connection are to provide their feedback.
- 5.5** The final CIA report will be distributed to the IESO, Connection Applicant, OESA and transmission customer in the vicinity of the new or modified connection. The report may also be provided to the OEB by the IESO or the Connection Applicant.

Notes:

If the Connection Applicant makes material changes to the proposed connection after the final CIA report is issued then CNP will review the CIA to determine if there is a need to revise the final report, send it to the impacted transmission customers for additional feedback and issue an addendum to the final CIA report. The Connection Applicant will be accountable for the additional costs. If a new IESO SIA is required then a new SIA/CIA Agreement must be executed and a new CIA conducted.

Procedure P5

**Economic Evaluation Procedure
(Load Customers)**

P5 – Economic Evaluation Procedure (Load Customers)

1 Introduction

This procedure applies to Load Connection Applicants who have proposed a new or modified connection, and ask CNP to fund the construction of facilities and/or CNP has to modify its own existing facilities, which will be repaid over time by the Load Connection Applicant. The repayment will take the form of a capital contribution plus periodic true-ups.

This procedure has been prepared based on the requirements of the Code section 6.1.4 (e) and to comply with the Code sections 6.5.2 and 6.5.3. CNP will carry out this economic evaluation of a proposed new or modified connection to determine what capital contribution is to be made by the Load Connection Applicant.

2 Initiating the Economic Evaluation Procedure

2.1 The Load Connection Applicant initiates CCP – Step 3 – Connection Estimates section 3.4.1 by informing CNP in writing that it wants to proceed with the connection and is requesting estimates of the connection costs.

2.2 CNP will use the results of the CCP Step 3 – Connection Estimates Procedure and, if required, CCP Procedures – P6 Contestability Procedure as inputs to this Economic Evaluation Procedure.

3 Determining the Financial Risk and Economic Evaluation Period

3.1 Load Connection Applicant’s Financial Risk

Based on the information provided and the methodology outlined below, CNP will assign the Load Connection Applicant a financial risk (Code Appendix 5) as one of the following:

- a) High Risk
- b) Medium High Risk
- c) Medium Low Risk
- d) Low Risk

This risk will determine the time period over which the costs of connection will be recovered from the Load Connection Applicant.

3.2 Load Connection Applicant’s Economic Evaluation Period

CNP will identify the Economic Evaluation Period based on the following: (Code section 6.5.2 (b))

- i. 5 years for a high risk connection;
- ii. 10 years for a medium high risk connection;
- iii. 15 years for a medium low risk connection; and
- iv. 25 years for a low risk connection.

When a connection is for a project having a finite life, the economic evaluation period will be based on the life of the project or the economic evaluation period, whichever is less.

3.3 Methodology – Financial Risk

The following is the methodology that will be used by CNP in determining the financial risk associated with a proposed connection of the Load Connection Applicant. CNP's methodology shall meet the requirements of and be consistent with Appendix 4. (Code section 6.5.3 (a))

3.3.1 Project Financed Connections

For a new or modified connection that is being financed by the Load Connection Applicant on a “project financing” basis, the Load Connection Applicant's financial risk classification will be determined by the type and amount of security provided. Ordinarily a parental guarantee from an entity with an acceptable credit rating will be required. With an acceptable parental guarantee, the risk classification of the project will be based on the risk of the parent, subject to the exception noted above for finite-life projects in section 3.2 in this procedure.

When acceptable security is not provided, the Load Connection Applicant will be assigned a high-risk classification.

3.3.2 Connections that are not Project Financed

For a new or modified connection that is not being financed by the Load Connection Applicant on a “project financing basis”, CNP will determine the financial risk of the Load Connection Applicant associated with the proposed connection based on the following:

Load Connection Applicant with Bond Rating

CNP will establish a Load Connection Applicant's risk classification based upon the customer's bond rating, as provided from a known bond-rating agency. [i.e.: Dominion Bond Rating Service (DBRS) or equivalent (refer to the Altman Z Table below)]

Load Connection Applicant Without Bond Rating

Should a Load Connection Applicant not have a bond rating, the risk profile shall be based on the customer's Altman Z-Score for Public Industrial Companies, Private Industrial Companies or Private Non-Industrial Companies; as appropriate.

Where audited financial statements (refer to section 8.2 in this procedure) are not available from the Load Connection Applicant, CNP may, at its option, use unaudited financial statements or other similar information.

Where the customer has not provided CNP with some or all of the information necessary to determine a risk classification, CNP may use estimates based on information provided by similar customers. Where no such comparable information is available or where CNP considers that the

customer's circumstances are such as to render the comparisons inappropriate, CNP may deem the risk classification as high risk.

Altman Z Model

The entity that published the Altman Z score Models included in this procedure was:

Predicting Financial Distress of Companies:
Revisiting the Z Score and Zeta Models
Edward I. Altman
July 2000

These models are also referenced in:

CPA Journal Online
Feb. 1995
Z Scores – a guide to failure prediction.
by Eidleman, Gregory J.
<http://www.nysscpa.org/cpajournal/old/16641866.htm>

The reference to public and private companies can also be found in:

Bankruptcy Calculator:
Z-Score of Publicly Held Firm
<http://jaxworks.com>

Based on the date of the article the new models were developed prior to February 1995. There is no information with respect to when the models are updated. However, the document Altman Z Scores Described states that:

“This model was developed in the 1960’s and updated in the 1990’s, using data from mid-sized public and private manufacturing firms.”

“The model was developed in the late 1960’s by Edward Altman, Professor of Finance at New York University School of Business. The model incorporates five weighted financial ratios into the calculations of the Z-Score. Professor Altman continues to update the model’s coefficients to reflect changing ways of conducting business. The coefficient values used in this SDS, Inc. Supplier Financial Analysis Notebook were published in 1993 in Professor Altman’s book entitled “Corporate Financial Distress and Bankruptcy”, 2nd edition Copyright 1993 by John Wiley & Sons, Inc.”

The Altman Z-Score is calculated as follows:

Public Industrial Companies

$$Z = 1.2 \times X_1 + 1.4 \times X_2 + 3.3 \times X_3 + 0.6 \times X_4 + 0.999 \times X_5$$

Private Industrial Companies:

$$Z = 0.717 \times X_1 + 0.847 \times X_2 + 3.107 \times X_3 + 0.420 \times X_4 (*) + 0.998 \times X_5$$

Private Non-Industrial Companies

$$Z = 6.56 \times X_1 + 3.26 \times X_2 + 6.72 \times X_3 + 1.05 \times X_4 (*)$$

Where:

- X₁ =working capital/total assets
- X₂ =retained earnings/total assets
- X₃ =earnings before interest and taxes (EBIT)/total assets
- X₄ =market value of equity/book value of total liabilities
- X₄ (*) =book value of equity/book value of total liabilities
- X₅ =sales/total assets

The Load Connection Applicant’s Risk Classification and Economic Evaluation Period will be based on the following table:

Altman Z Table

Bond Rating*	Altman Z-Score**			Risk Classification	Economic Evaluation Period
	Public Industrial	Private Industrial	Private Non - Industrial		
CCC and below	<1.81	<1.23	<1.10	High Risk	5 years
B-BB	1.81 - 2.67	1.23 - 2.59	1.10 - 2.32	Medium High Risk	10 years
Industrial BBB-AAA Non industrial – BBB	2.68 – 2.99	2.60 – 2.90	2.33 – 2.60	Medium Low Risk	15 years
Non Industrial A-AAA	>2.99	>2.90	>2.60	Low Risk	25 years

* Based on DBRS rating scale. Investment grade credits qualify for risk ratings of 15 years and above. Non-investment grade credits qualify for risk ratings of less than 15 years. Equivalent ratings from the rating agencies would apply if deemed suitable to CNP.

** The apportionments were made based on scaling the intermediate cutoff points used in the CPA Journal Online as referred to above and as calculated by Hydro One.

Public non-industrial companies or other entities that do not fall within the compass of one of the 3 Altman Z scores will be assessed using an appropriate methodology, at CNP's discretion.

If the Altman Z score appear anomalous, CNP will use at its sole discretion the Kaplan-Urwitz model as a secondary methodology.

Kaplan-Urwitz Model

The term ($- 2.56 X_2$) is included in the formal model as indicated in the paper "Risk Assessment Methodology Options, PHB Hagler Bailly, Management and Economic Consultants, 03/30/00; page 6 footnote 3. It is not clear if it was included in the model which, according to Ref. (c)/ page 6/ foot note 3, was published in April, 1979. There is no information to indicate that the model was revised by the authors or any other entity.

The Kaplan-Urwitz Score is calculated as follows:

$$KU = 4.41 + 0.0012 \times X_1 - 2.56 \times X_2 - 2.72 \times X_3 + 6.40 \times X_4 - 0.53 \times X_5 + 0.006 \times X_6$$

Where:

X_1 =total assets (\$000)

X_2 = if debt is subordinated, 1; otherwise 0

X_3 =long term debt/total assets

X_4 =net income over total assets

X_5 =coefficient of variation in net income over 5 years

X_6 =interest coverage (EBIT/interest expense)

The Load Connection Applicants Risk Classification and Economic Evaluation Period will be based on the following table:

Kaplan Urwitz Table

Bond Rating*	Kaplan Urwitz-Score***	Risk Classification	Economic Evaluation Period
CCC and below	<0**	High Risk	5 years
B-BB	<0**	Medium High Risk	10 years
Industrial BBB-AAA	>1.57	Medium Low Risk	15 years
Non industrial – BBB	1.57 – 3.28		
Non Industrial A-AAA	>3.28	Low Risk	25 years

* Based on DBRS rating scale. Investment grade credits qualify for risk ratings of 15 years and above. Non-investment grade credits qualify for risk ratings of less than 15 years. Equivalent ratings from the rating agencies would apply if deemed suitable to CNP.

** Kaplan-Urwitz bond rating-equivalency scores are not provided for non-investment grade entities (below BBB). Kaplan-Urwitz scores less than zero accordingly will be classified as either high-risk or medium-high risk based on a combination of Kaplan-Urwitz scores, Altman Z scores and other factors such as traditional credit analysis.

*** The methodology was applied to bond ratings as is done in the Altman Model in order to be consistent. The Altman Z Model tables, as published, do not include a category for an Industrial class to score a low-risk risk profile. Therefore, the presentation of the two models is consistent. CNP accepted Hydro One's apportionments and methodology that an Industrial class cannot exceed "Medium Low Risk".

Application to OEB

Where CNP considers that the risk classification that results from the application of the above methods produces an anomalous result, CNP may, with the Load Connection Applicant’s consent, assign a different risk classification to the new or proposed connection. Where the Load Connection Applicant does not consent, CNP may apply to the OEB for approval to determine the Load Connection Applicant’s risk classification using an alternate methodology. (Code Appendix 4)

4 Load Connection Applicant’s Load Forecast and Connection Revenue

The relevant connection rate revenues shall be the revenue derived from that part of the Load Connection Applicant’s new load that exceeds the total normal supply capacity of any

connection facility already serving that Load Connection Applicant and which will be served by the new or modified connection facility. (Code section 6.5.2 (j))

The Load Connection Applicant shall provide CNP with its load shape in monthly peak load forecasts based on the economic evaluation period calculated in 3 in this procedure. This shall be submitted to CNP in writing and signed by a person or persons that can bind the company. The format acceptable to CNP is based on the Load Forecast Form to be provided by CNP. (Code section 6.5.2 (k))

5 Capital Contribution Calculation

5.1 The Capital Contribution (CC) Calculation will be based on the following requirements:

- 5.1.1 CNP will calculate the CC using the discounted cash flow calculation set out in the Code Appendix 5 using the forecast connection rate revenues from the connection facilities as calculated in section 4 in this procedure and the fully allocated capital cost [based on the estimated costs identified in CCP – Step 3 – Connection Estimates and if applicable CCP – Procedures P6 - Contestability Procedure (Load Customers)], operating and maintenance cost and administrative cost of the minimum design required to meet the Load Connection Applicant's needs. The costs shall include CNP's cost of CNP-owned equipment for monitoring and testing installed on connection facilities on either side of the connection point, and the cost of carrying out verification testing on that equipment; (Code section 6.5.2 (c))
- 5.1.2 The cost used in the economic evaluation is limited to the advancement costs where CNP had planned a new or modified connection facility and moves the planned date forward to accommodate a Load Connection Applicant; (Code section 6.5.2 (d))
- 5.1.3 CNP will use a discount rate that is based on CNP's current deemed debt-to-equity ratio, debt and preference share costs and the most recent Board-approved rate of return on equity; (Code section 6.5.2 (e))
- 5.1.4 That discounting will reflect the true timing of expenditures so that upfront capital expenditures are treated as occurring at the beginning of the first year of operation, and future capital expenditures, annual connection rate revenues and average operation and maintenance costs will be treated as occurring at the mid-point of the year in which they occur; (Code section 6.5.2 (f))
- 5.1.5 CNP will take into account all relevant tax amounts, adjusted by any applicable capital cost allowance. (Code section 6.5.2 (g)) Taxes include income taxes, capital taxes and other taxes, as applicable;
- 5.1.6 CNP will exclude network facility costs and network rate revenues; and (Code section 6.5.2 (h))
- 5.1.7 CNP will exclude historic revenues and sunk costs. (Code section 6.5.2 (i))

5.2 Where CNP undertakes an economic evaluation for a Load Connection Applicant the economic evaluation will be completed separately for line connection assets and transformation connections assets. (Code section 6.5.2 (l))

6 Fully Allocated Capital Cost

The fully allocated capital cost to be used in the calculation of the Load Connection Applicant's capital contribution is:

- 6.1** the capital costs of any CNP uncontestable work including CNP overheads; plus
- 6.2** where facilities are transferred to CNP for contestable work, the capital cost of the contestable work which will be equal to the transfer price which includes any direct costs and overheads CNP incurred as part of providing design technical requirements and specifications and to manage the project including inspection, testing and commissioning costs billed to the Load Connection Applicant.

7 Partial Refund of Capital Contribution

Where a Load Connection Applicant has made a capital contribution for the construction of a connection facility, and where that capital contribution includes the cost of capacity on the connection facility not needed by the Load Connection Applicant, CNP shall provide a refund, calculated in accordance with the Code section 6.2.25, to the Load Connection Applicant if that capacity is assigned to another load customer within five years of the date on which the connection facility comes into service. Where such a refund is required under the Code section 6.2.25, CNP shall require a financial contribution, calculated in accordance with the Code section 6.2.25, from the subsequent customer. (Code section 6.2.24)

8 Economic Evaluation Procedure

- 8.1** CNP will initiate the Economic Evaluation Procedure once the Load Connection Applicant has informed CNP in writing as per section 2.1 Initiating the Economic Evaluation Procedure.
- 8.2** CNP will define what information the Load Connection Applicant must provide in order to determine the financial risk of the Load Connection Applicant. The information will include, but not be limited to:
 - i. Credit worthiness and bond rating
 - ii. Audited financial statements for previous 3 years
- 8.3** The Load Connection Applicant provides the requested information to CNP.
- 8.4** CNP will determine the financial risk and economic horizon for the Load Connection Applicant as per section 3 in this procedure and inform the Load Connection Applicant in writing.

- 8.5** CNP will calculate the Load Connection Applicant's initial capital contribution as per section 5 in this procedure based on estimated costs.
- 8.6** CNP will provide the Load Connection Applicant in writing a copy of the economic evaluation with the requirement for any initial capital contribution clearly identified.
- 8.7** The Load Connection Applicant and CNP will proceed to negotiate and sign a Connection Cost and Recovery Agreement (CCRA) as per CCP – Step 4 – Connection and Cost Recovery.
- 8.8** Since the calculation of the Load Connection Applicant's initial capital contribution was based on estimated costs, CNP will recalculate the Load Connection Applicant's capital contribution in accordance with the original method based on actual costs as soon as these are known, and obtain from or credit the Load Connection Applicant for any difference between the two calculations. Such recalculated capital contribution shall thereafter be used as the Load Connection Applicant's capital contribution for all purposes under the Code. (Code section 6.5.2)
- 9 Economic Evaluation True-up Procedure**
- 9.1** CNP will document in the CCRA the requirements for true-up calculations based on the Code sections 6.5.3 to 6.5.11.
- 9.2** The Load Connection Applicant will provide CNP, on the true-up date, its revised load forecast from the true-up date until the end of the economic evaluation period with a format as per CNP's Load Forecast Form.
- 9.3** CNP will undertake the Economic Evaluation at each true-up point based on the Code sections 6.5.3 to 6.5.11 and as documented in the CCRA.
- 9.4** CNP will inform the Load Connection Applicant in writing of the results of the economic evaluation true-up calculation including any additional payment the load customer is required to pay to make up any shortfall or identification of any excess revenue credited to the load customer in a notional account.
- 9.5** For the final true-up calculation, CNP will indicate to the Load Connection Applicant in writing that it is the last true-up and any adjustments will be as per the Code section 6.5.7 which applies to any payment to the load customer of the final credit in the notional account.

Procedure P6

**Contestability Procedure
(Load Customers)**

P6 – Contestability Procedure

1 Introduction

This Contestability Procedure was developed based on the intent of the revised Code dated July 25, 2005 section 6.6 Contestability.

2 Criteria for Uncontestable and Contestable Work:

Sections 2.1 and 2.2 define the Uncontestable Work and Contestable work based on the Code section 6.6.2 (a).

2.1 Uncontestable Work:

- 2.1.1 Design and build modification to or addition of transformation and/or line connection facilities on CNP's existing facilities or utilizing existing station sites or existing rights-of-way; or
- 2.1.2 Design technical requirements and specifications for new transformation and/or line connection facilities not on CNP's existing facilities or utilizing existing station site or existing rights-of-way but to be owned by CNP.

2.2 Contestable Work:

- 2.2.1 Design and build (excluding design technical requirements and specifications) new transformation and/or line connection facilities to be owned by CNP which do not utilize existing station sites or existing rights-of-way.

3 Rights and Obligations of the Load Customer:

- 3.1 The right of the load customer to choose to carry out the contestable work or to require CNP to do it, provided that where the load customer chooses to carry out the contestable work; it must carry out all of the contestable work. (Code section 6.6.2 (c))
- 3.2 Where a load customer elects to carry out contestable work, the obligation of the load customer to complete that contestable work in accordance with CNP's conceptual design and technical standards and specifications and to pay any Board-approved fees for inspection, testing and commissioning by CNP. (Code 6.6.2 (d))
- 3.3 The right of the load customer to transfer any dedicated connection facilities (connection facilities serving one customer) it constructs to CNP and the obligation to transfer non-dedicated connection facilities (connection facilities serving more than one load or generator customer) that it constructs to CNP.(Code 6.6.2 (e))

4 Obligations of CNP:

- 4.1** Where a load customer requires new connection facilities, CNP shall allow the load customer to elect either to provide its own connection facilities or to require CNP to provide them. (Code section 6.6.1)
- 4.2** Where the load customer elects to require CNP to provide the connection facilities, CNP shall also allow the load customer to elect to have any associated contestable construction or design work as identified in section 2.2.1 in this procedure carried out by a party other than CNP. (Code section 6.6.1)
- 4.3** CNP has an obligation at no cost to provide the following to the load customer (Code section 6.6.2 (b)):
- i. a description of the contestable work and uncontestable work base on the criteria above;
 - ii. a description of the labour and materials for each of the contestable work and the uncontestable work;
 - iii. an initial estimate of the capital cost for each of the contestable work and the uncontestable work, broken down into labour (including design, engineering and construction), materials, equipment, direct overhead (including administration) and indirect overhead costs, together with an indication of the degree of accuracy of that estimate;
 - iv. the calculation used to determine any capital contribution to be paid by the load customer if CNP constructs the connection facilities, even if no capital contribution is required. This calculation must include all of the assumptions and inputs used to produce the economic evaluation as described in CCP – Procedures P5 – Economic Evaluation Procedure (Load Customers), including the manner in which the customer’s risk classification has been determined under the Code Appendix 4; and
 - v. the information set out in the Code Appendix 3, and the technical standards and specifications applicable to the contestable work, in sufficient detail to allow the load customer to design and construct connection facilities that will meet the requirements applicable to CNP’s transmission system;

and to provide, at cost, any revisions to this information required either due to changes in the load customer's plans or to obtain additional design work in order to enhance CNP’s initial capital cost estimate;

- 4.4** Where a load customer proposes or is obliged to transfer any connection facilities it constructs to CNP, CNP has an obligation to provide, upon request and at cost, engineering design in sufficient detail to allow the load customer to carry out the contestable work and meet the specific connection facility design and performance requirements of CNP. (Code section 6.6.2 (f))
- 4.5** The obligation of CNP to pay a transfer price that is the lower of the cost to the load customer or the transmitter's reasonable cost to do the same work, for any connection facility a load customer constructs and opts or is required to transfer to CNP. (Code section 6.6.2 (g))

- 4.6** Where CNP pays a transfer price for a connection facility constructed by a load customer, CNP has an obligation to make any adjustment required to reflect that transfer price in any capital contribution that is to be paid by the load customer as calculated in accordance with CCP – Procedures P5 – Economic Evaluation Procedure (Load Customers). (Code section 6.6.2 (h)):
- 4.7** CNP has an obligation to prepare all estimates required by this contestability procedure in accordance with good utility practice and industry standards. (Code section 6.6.2):
- 4.8** CNP shall provide a copy of this contestability procedure to any load customer requiring new connection facilities. (Code section 6.6.3)

5 Contestability Procedure

- 5.1** As per CCP – Step 3 – Connection Estimates section 3.4.2, the load connection applicant will indicate to CNP in writing whether it is requesting CNP to implement this Contestability Procedure.
- 5.2** If the Load Connection Applicant requires CNP to provide initial estimates of the capital cost of contestable work then CNP shall provide the customer with the information as outlined in 4.3 in this procedure within 45 business days.
- 5.3** As per CCP – Step 3 – Connection Estimates section 3.4.13, the load connection applicant must select one of the following three options:
- i. CNP built and owned (pool funded)
 - ii. Customer built and transferred to CNP (pool funded)
 - iii. Customer built and owned (not pool funded)
- 5.4** If the Load Connection Applicant selects 5.3 i above (CNP built and owned) then the CNP initial estimates for all the contestable and uncontestable connection facilities will be used in the CCP – Procedures P4 – Economic Evaluation Procedure CCP to determine the Load Connecting Customer’s capital contribution. The initial estimate will be +/- 20% as per the CCP – Step 3 – Connection Estimates.
- 5.5** If the Load Connection Applicant selects 5.3 ii above (to build the facilities themselves and transfer the facilities to CNP) then:
- 5.5.1** CNP will provide initial estimates of the capital cost for the contestable and uncontestable CNP work required for connection as per 4.3 in this procedure and these initial estimates will be used in the CCP – Procedures P4 – Economic Evaluation Procedure CCP to determine the Connecting Customer’s capital contribution. The initial estimate will be +/- 20% as per the CCP – Step 3 – Connection Estimates;
- 5.5.2** If the Load Connection Applicant proceeds with the connection CNP will provide, when requested and at cost as part of the full capital cost of the facility to be transferred to CNP, design technical requirements and specifications to allow the customer to carry out the contestable work including CNP design, construction, operations and maintenance

standards that must be met in constructing the connection facilities to be transferred to CNP;

- 5.5.3 the transfer price will be as per section 4.5 in this procedure and CNP's reasonable cost to do the same work will be based on the initial estimated capital cost of the contestable work (if the Connecting Applicant requests a more accurate estimate from CNP then CNP will provide a more accurate estimate at cost for the Connection Applicant to establish CNP's reasonable cost of the contestable work to determine the transfer price);
 - 5.5.4 the capital cost of the contestable work will be equal to the transfer price which includes any direct costs and overheads CNP incurred as part of providing design technical requirements and specifications and to manage the project including inspection, testing and commissioning costs billed to the Connection Applicant; and
 - 5.5.5 the capital cost for a connection facility constructed by the Load Connection Applicant is finalized and CNP has paid the Load Connection Applicant the transfer price, CNP will adjust the capital contribution as per section 4.6 of this procedure with the Load Connection Applicant accountable for any increase in the capital contribution and CNP accountable for refunding part of the capital contribution, already paid by the Load Connection Applicant, if the capital contribution is reduced.
- 5.6** If the Load Connection Applicant selects 5.3 iii above (to build and own all new connection facilities that are contestable) then CNP's initial estimates for uncontestable connection facilities will be used in the CCP – Procedures P4 – Economic Evaluation Procedure CCP to determine the Connecting Customer's capital contribution. The initial estimate will be +/- 20% as per the CCP – Step 3 – Connection Estimates.

Procedure P7

Reconnection Procedure

P7 – Reconnection Procedure

1 Introduction

This Reconnection Procedure was developed based on the intent of the revised Code dated July 25, 2005 section 6.10.3. The procedure applies in the case of a voluntary temporary disconnection by the customer or after disconnection of the customer by CNP and the customer requests reconnection. This procedure does not apply to planned and unplanned outages.

After a voluntary temporary disconnection by the customer or after disconnection of the customer by CNP, CNP shall provide the customer with this reconnection procedure which can be downloaded from CNP's website www.cnpower.com. If the changes to the customer facilities are not material then this reconnection procedure should be limited to commissioning of the customer's facility and any CNP connecting facilities especially protection and control systems.

2 Reconnection Procedure

- 2.1 When the customer wishes to reconnect a Customer Connection Application will be completed and sent to CNP. The focus of the application will be to identify the reason for the disconnection, any measures taken to rectify any connection issues and any differences in the customer's facilities since the disconnection.
- 2.2 CNP will then follow CCP Step 1 – Customer Connection Application to start the reconnection process.
- 2.3 The Customer will contact the IESO and determine if a SIA or ESIA is required to be conducted by the IESO. If the IESO requires either then follow CCP Step 2 – SIA and CIA Studies.

Note: CNP shall not carry out a system study in relation to a proposed reconnection unless it can demonstrate that the system study is necessary to ensure system integrity or is required by the IESO. (Code section 6.10.4)

- 2.4 CNP will provide for notice to be given to Connection Applicant, setting out all steps to be taken by the Connection Applicant and CNP as part of the reconnection based on information submitted by the customer. Steps to be considered are:
 - 2.4.1 CNP will review any changes the customer has identified in its system since disconnection and if required a Customer Impact Assessment (CIA) will be undertaken as CCP – Procedures P4 – Customer Impact Assessment (CIA) Procedure at the reconnecting customers cost.
 - 2.4.2 CNP will estimate the costs of reconnection following CCP Step 3 Connection Estimates to estimate any costs to be borne by the customer. CNP will also inform the customer of the duration of the reconnection process.

- 2.4.3 The customer will be required to sign a Connection and Cost Recovery Agreement (CCRA) as outlined in CCP Step 4 – Connection and Cost Recovery. This includes the customer and transmitter signing a revised or new Connection Agreement before reconnection of the customer as required.
- 2.4.4 CNP and the Customer will follow the relevant steps in CCP – Step 5 – Design & Build and CCP – Step 6 - Commissioning based on the amount of changes to the customer facility as part of reconnection.
- 2.5 CNP will approve the reconnection of the customer facilities when it is satisfied that the customer facilities will not cause any adverse effects on the transmission system.
- 2.6 After the customer is reconnected, CNP will invoice the customer for any costs incurred as part of this Reconnection Procedure.

Procedure P8

Dispute Resolution Procedure

P8 – Dispute Resolution Procedure

1 Introduction

CNP has developed the following Dispute Resolution Procedure for implementation in the event of a dispute with a customer as per the revised Code dated July 25, 2005 section 6.1.4 (h) and in accordance with the Code section 12.1.

This dispute resolution procedure includes provisions that: (Code section 12.1.2)

- a) provides for the fair, timely and effective resolution of disputes;
- b) sets out specific timelines for completion of the dispute resolution process; and
- c) establishes the right of CNP or the customer to bring a dispute to the Ontario Energy Board for resolution, if it has not been resolved by the parties within 30 days using the procedure outlined in section 2.2 in this procedure.

If a dispute arises while CNP is constructing new or modified connection facilities for a Connection Applicant, CNP shall not cease work or slow the pace of work without leave of the Board. (Code section 12.1.3)

2 Dispute Resolution Procedure

2.1 Exclusivity

2.1.1 Subject to sections 2.1.2 below:

- a) the procedure set forth in this CCP – Procedures P8 – Dispute Resolution Procedure shall apply to disputes arising between the customer and CNP regarding CNP's obligations under the Act, the Electricity Act, its license, the Transmission System Code or any of CNP's connection procedures except as otherwise specified in the Transmission System Code section 12. (Code section 12.1.1)
- b) the Parties shall comply with the procedure set out in this CCP – Procedures P8 – Dispute Resolution Procedure before taking any other civil or other proceeding in relation to the dispute.

2.1.2 This dispute resolution procedure shall not apply to disputes that arise between CNP and a customer: (Code section 12.1.4)

- a) that are governed by the dispute resolution process contained in their connection agreement; or
- b) that relate to the terms and conditions of a contractual arrangement that is under negotiation between CNP and the customer, except where one party alleges that the other party is:

- i) seeking to impose a term or condition that is inconsistent with or contrary to the Act, the Electricity Act, a party's licence, the Code or any of CNP's connection procedures; or
- ii) refusing to include a term or condition that is required to give effect to the Code or any CNP's connection procedures.

2.2 Duty to Negotiate

- 2.2.1 Any dispute between the customer and CNP referred to in section 2.1.1 in this procedure shall be referred to a designated senior representative of each of the Parties for resolution on an informal basis as quickly as possible.
- 2.2.2 The designated senior representatives of the Parties shall attempt in good faith to resolve the dispute within 30 days of the date on which the dispute was referred to them. The Parties may by mutual agreement extend such period.
- 2.2.3 If a dispute is settled by the designated senior representatives of the Parties, the Parties shall prepare and execute minutes setting forth the terms of the settlement. Such terms shall bind the Parties. The subject-matter of the dispute shall not thereafter be the subject of any civil or other proceeding, other than in relation to the enforcement of the terms of the settlement.
- 2.2.4 If a Party fails to comply with the terms of settlement referred to in section 2.2.3 in this procedure, the other Party may submit the matter to arbitration under section 2.5 and 2.6 in this procedure.
- 2.2.5 A copy of the minutes of settlement referred to in section 2.2.3 from which all Confidential Information has been expunged shall be made available to the public by the Transmitter.
- 2.2.6 If requested by the Board, a copy of the minutes of settlement, held in confidence, referred to in section 2.2.3 shall be made available to the Board by the Transmitter.
- 2.2.7 If requested by the Board, a copy of the minutes of settlement, held in confidence, referred to in section 2.6.9 or a copy of the decision of the arbitrator(s), held in confidence, shall be made available to the Board by the Transmitter.

2.3 Ontario Energy Board

- 2.3.1 CNP or the customer has the right to bring a dispute to the Ontario Energy Board for resolution, if it has not been resolved by the parties within 30 days using the procedure outlined in section 2.2 in this procedure.

2.4 Submission of Unresolved Disputes to Arbitration

- 2.4.1 If the designated senior representatives of the Parties cannot resolve the dispute within the time period set out in section 2.2.2 in this procedure and neither party chooses to bring the dispute to the Ontario Energy Board as set out in section 2.3.1 in this procedure

or where sections 2.2.4 or 2.6.10 in this procedure apply, either party may submit the dispute to binding arbitration under sections 2.5 and 2.6 in this procedure.

If a party fails to comply with the terms of a settlement that has been recorded by the arbitrator(s) in the form of an award pursuant to section 36 of the Arbitration Act, the other party may make an application to the court to enforce the award.

If a party fails to comply with the terms of a settlement that has not been recorded by the arbitrator(s) in the form of an award pursuant to section 36 of the Arbitration Act, the other party may either submit the matter to arbitration or, if after 30 days the dispute is not resolved, to the Ontario Energy Board.

2.5 Selection of Arbitrator(s)

2.5.1 The Parties shall use good faith efforts to appoint a single arbitrator for purposes of the arbitration of the dispute. If the Parties fail to agree upon a single arbitrator within ten business days of the dispute being submitted to binding arbitration as set out in section 2.4.1 in this procedure, each Party shall within five business days thereafter choose one arbitrator. The two arbitrators so chosen shall within twenty days select a third arbitrator.

2.5.2 Where a Party has failed to choose an arbitrator under section 2.5.1 in this procedure within the time allowed, the other Party may apply to a court to appoint a single arbitrator to resolve the dispute.

2.5.3 No person shall be appointed as an arbitrator unless that person:

- a) is independent of the Parties;
- b) has no current or past substantial business or financial relationship with either Party, except for prior arbitration; and
- c) is qualified by education or experience to resolve the dispute.

2.6 Arbitration Procedure

2.6.1 The arbitrator(s) shall provide each of the Parties with an opportunity to be heard orally and/or in writing, as may be appropriate to the nature of the dispute.

2.6.2 The Arbitration Act, 1991 (Ontario) shall apply to an arbitration conducted under this procedure.

2.6.3 The arbitrator(s) shall make due provision for the adequate protection of confidential information that may be disclosed or may be required to be produced during the course of an arbitration in a manner consistent with the confidentiality obligations set out in the Code Appendix 1 section 21.

- 2.6.4 All proceedings relating to the arbitration of a dispute shall be conducted in private unless the Parties agree otherwise.
- 2.6.5 Unless the Parties otherwise agree, the arbitrator(s) shall render a decision within ninety days of the date of appointment of the last to be appointed arbitrator, and shall notify the Parties of the decision and of the reasons therefore.
- 2.6.6 The decision of the arbitrator(s) shall be final and binding on the Parties and may be enforced in accordance with the provisions of the Arbitration Act, 1991 (Ontario). The Party against which the decision is enforced shall bear all costs and expenses reasonably incurred by the other Party in enforcing the decision.
- 2.6.7 Subject to section 2.6.8 below, each Party shall be responsible for its own costs and expenses incurred in the arbitration of a dispute and for the costs and expenses of the arbitrator(s) if appointed to resolve the dispute.
- 2.6.8 The arbitrator(s) may, if the arbitrator(s) consider it just and reasonable to do so, make an award of costs against or in favour of a Party to the dispute. Such an award of costs may relate to either or both the costs and expenses of the arbitrator(s) and the costs and expenses of the Parties to the dispute.
- 2.6.9 If a dispute is settled by the Parties during the course of an arbitration, the Parties shall prepare and execute minutes setting forth the terms of the settlement. Such terms shall bind the Parties, and either Party may request that the arbitrator(s) record the settlement in the form of an award under section 36 of the Arbitration Act, 1991 (Ontario). The subject-matter of the dispute shall not thereafter be the subject of any civil or other proceeding, other than in relation to the enforcement of the terms of the settlement.
- 2.6.10 If a Party fails to comply with the terms of settlement referred to in section 2.6.9 above, the other Party may submit the matter to arbitration under sections 2.5 and 2.6 in this procedure if the settlement has not been recorded in the form of an award under section 36 of the Arbitration Act, 1991 (Ontario).
- 2.6.11 A copy of the minutes of settlement referred to in section 2.6.9 from which all Confidential Information has been expunged shall be made available to the public by the Transmitter.
- 2.6.12 A copy of the decision of the arbitrator(s) from which all Confidential Information has been expunged shall be made available to the public by the Transmitter.

Appendix 1

Schedule of Charges and Fees

CANADIAN NIAGARA POWER INC.
SCHEDULE OF CHARGES & FEES

ACTIVITY	CHARGES & FEES
1 Feasibility Study	Actual Costs
2 SIA & CIA Studies	Actual Costs
3 Connection Estimates (when a Customer pays)	Actual Costs
4 Inspection, Testing and Commissioning associated with Customer Facilities	Actual Costs

NOTE:

For activities 1, 2 and 3 the Connection Applicant will sign a CCP Agreement with CNP. For activity 4 the Connection Applicant will sign a CCRA with CNP.

CNP does not have many customers applying for a new or modified connection to CNP's transmission system; therefore, all new or modified connections will be based on actual costs for each connection.

Actual Costs: The activities set out in this schedule will be primarily conducted by third-party consultants whose costs will be passed through to the customer without mark-up by CNP. CNP's contribution to the activities set out in this schedule will be based on time and materials incremental to costs currently included in CNP's revenue requirement.

Appendix 2

Summary of Process Timelines

SUMMARY OF PROCESS TIMELINES

	Time Line	Trigger
Step 1 – Connection Application	10 business days or as agreed to by CNP and the Connection Applicant	From receipt of Customer Connection Application
Step 2 – SIA and CIA Studies	60 to 75 Business Days <i>(for CIA Study)</i>	From the Date the Connection Applicant requests in writing for CNP to undertake the CIA
Step 3 – Connection Estimates <i>(Includes Economic Evaluation Procedure and Contestability Procedure for Load Customers)</i>	45 Business Days <i>(Provided the Load Customer provides the requested financial information within 15 business days.)</i>	From the later Date of a Signed Connection Estimate Agreement (CEA) or receipt of the Electrical Design Documentation
Step 4 – Connection and Cost Recovery	30 Business Days Minimum <i>(Excluding any requirements for an EA, OEB Approval, ESA or other Regulatory Approvals)</i>	From Connection Applicant Request for Connection in writing
Step 5 –Design & Build	Project Specific – To Be Negotiated With Connection Applicant.	As per CCRA
Step 6 – Commissioning	30 Business Days	From Connection Applicants submission of the Commissioning Plan

Appendix 3

Transmission Plans

CANADIAN NIAGARA POWER INC.**TRANSMISSION PLANS**

A transmitter shall develop and maintain plans to meet load growth and maintain the reliability and integrity of its transmission system. The transmitter shall not require a customer to make a capital contribution for a connection facility that was otherwise planned by the transmitter, except for advancement costs. (Code section 6.3.6)

CNP will develop and maintain plans to meet load growth and maintain reliability and integrity of its transmission system. The plans will cover the next three year period from the current year when the plans are prepared. The plans will be reviewed from time to time as required and updated before the end of the current year. The plans will include information regarding each listed transmission project including the expected completion date and references to the information used at the time to determine the need for the project.

CNP will not require a customer to make a capital contribution, for pertinent projects listed in the plan, except for advancement costs. Information pertinent to a Load Connection Applicant who makes a request to CNP about its plans will be provided to the Load Connection Applicant in a manner that is consistent with the confidentiality requirements of CNP's transmission licence and the Code.

CCRA Template

For

Connection of a Load Customer to CNP's Transmission System

March 19, 2008

CNP advises that this document reflects the changes made in the Transmission System Code posted by the OEB on July 25, 2005; however, the provisions contained herein are subject to change and may be revised to reflect any applicable decision or order rendered by the Ontario Energy Board.

Connection of a Load Customer to CNP's Transmission System

THIS CONNECTION AND COST RECOVERY AGREEMENT made in duplicate as of the _____ day of _____, 200____ between **CANADIAN NIAGARA POWER INC. ("CNP")** and (*Insert Name of Load Customer*) (the "Load Customer") (individually referred to as a "Party" and collectively referred to as the "Parties");

WHEREAS CNP is agreeable to performing the CNP Connection Work required to permit the Connection on the following terms and conditions set out herein; and

WHEREAS the Load Customer is agreeable to performing the Load Customer Connection Work required to permit the Connection and is agreeable to the payment for work performed by CNP in accordance with the terms and conditions set out herein;

NOW THEREFORE in consideration of the mutual covenants, agreements, terms and conditions herein and other good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties agree as follows:

1. Each of the Parties hereto confirms the truth and accuracy of the recitals. The Parties hereto agree that the recitals and the schedules attached to this Agreement form part of this Agreement.

2. Subject to Sections 27, 28 and 44, and the termination rights in this Agreement, this Agreement shall be in full force and effect and binding on the parties as of the date first written above (the "Effective Date") and shall expire on the date the Transmitter receives payment for the final invoice from the Load Customer or the Load Customer receives a credit memorandum from the Transmitter in accordance with Section 19 associated with the last true-up calculation (the "Term").

Representations and Warranties

3. Each Party represents and warrants to the other that:

- (a) it has all the necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution of this Agreement and compliance with and performance of the terms, conditions, and covenants contemplated herein have been duly authorized by all necessary corporate action on its part; and
- (c) it is registered for purposes of Part IX of the Excise Tax Act (Canada) and the GST

registration number of each party is set out in Schedule "D".

CNP Connection Work

4. CNP shall perform the CNP Connection Work in a manner consistent with Good Utility Practice, in compliance with all Applicable Laws, including, but not limited to the Transmission System Code, and using duly qualified and experienced people.

5. CNP's responsibilities under this Agreement with respect to the Connection are limited to the performance of the CNP Connection Work.

6. Notwithstanding Section 5 above, CNP shall use reasonable efforts to obtain warranties for the Connection Materials that are transferable to the Load Customer in the event that the Load Customer takes title to any of the Connection Materials in accordance with the terms of this Agreement.

7. Except as provided herein, CNP makes no warranties, express or implied, and CNP disclaims any warranty implied by law, including implied warranties of merchantability or fitness for a particular purpose and implied warranties of custom or usage with respect to the CNP Connection Work.

8. CNP shall comply with the terms and conditions of access attached hereto as Schedule "H" and Section 27.13 of the Connection Agreement (which Section is incorporated by reference into and forms part of this Agreement) when accessing the New Load Customer Facilities and/or Existing Load Customer Facilities. In the event that Section 27.13 of the Connection Agreement or the provisions of Schedule "H" are in conflict then Section 27.13 of the Connection Agreement shall prevail.

9. The CNP Connection Work and CNP's rights and requirements hereunder, including, but not limited to:

- (i) CNP's specifications of the protection equipment on the Load Customer's side of the Connection Point;
- (ii) CNP's acceptance of power system components on the Load Customer's side of the Connection Point; and
- (iii) CNP's acceptance of the technical specifications (including electrical drawings) for the New Load Customer Facilities;

are solely for the protection of CNP's transmission system and that the Load Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Existing and/or New

Load Customer Facilities where the facility is owned by the Load Customer.

10.1 CNP shall use reasonable efforts to complete the CNP Connection Work by the date specified as the Ready for Service Date in Schedule "D" provided that:

- (a) the Load Customer executed and returned this Agreement to CNP by no later than the date specified as the Execution Date in Schedule "D";
- (b) the Load Customer has completed the Load Customer Connection Work in accordance with the terms and conditions of this Agreement;
- (c) the Load Customer is in compliance with its obligations under this Agreement;
- (d) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of CNP, acting reasonably;
- (e) there are no delays resulting from CNP not being able to obtain outages from the Independent Electricity System Operator (IESO) required for the CNP Connection Work;
- (f) CNP does not have to use its employees, agents and contractors performing the CNP Connection Work elsewhere on its transmission system or distribution system due to an Emergency (as that term is defined in the Transmission System Code) or an event of force majeure;
- (g) CNP is able to obtain the materials and labour required to perform the CNP Connection Work with the expenditure of Premium Costs where required;
- (h) where required, CNP receives leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*, as amended (the "OEB Act") by no later than the date specified as the CNP Approval Date in Schedule "D" of this Agreement and where necessary for CNP to perform and complete the CNP Connection Work, the Load Customer receives leave to construct pursuant to Section 92 of the OEB Act by no later than the date specified as the Load Customer Approval Date in Schedule "D" of this Agreement; and
- (i) where required, CNP receives the easement described in Section 25 hereof by the Easement Date specified in Schedule "D".

The Ready for Service Date may be materially affected by those circumstances set out in Schedule "D". The Load Customer acknowledges and agrees the Ready for Service Date may be materially affected by difficulties with obtaining and the ability to obtain all necessary land rights and/or environmental approvals, permits or certificates.

10.2 Any change in the scope of the Project whether they are initiated by the Load Customer or are Non-Load Customer Initiated Scope Changes, may result in a change to the costs estimated in Schedule "D", "E" and "F" of this Agreement and the Ready for Service Date.

All Load Customer initiated scope changes to this Project must be in writing to CNP.

CNP will advise the Load Customer of any cost and schedule impacts of any Load Customer initiated scope changes. CNP will not implement any Load Customer initiated scope changes until written approval has been received from the Load Customer accepting the new pricing and schedule impact.

CNP will implement all Non-Load Customer initiated scope changes until the estimate of the Actual Cost of all the Non-Load Customer initiated scope changes made by CNP reaches 10% of the total sum of the estimates of the Actual Cost of:

- (i) CNP Connection Work – Recoverable – New Load Customer Facilities;
- (ii) CNP Connection Work – Recoverable – Connection Facilities; and
- (iii) CNP Connection Work – Recoverable – Network Facilities.

At that point, no further Non-Load Customer initiated scope changes may be made by CNP without the written consent of the Load Customer accepting new pricing and schedule impact. If the Load Customer does not accept the new pricing and schedule impact, CNP will not be responsible for any delay in the Ready for Service Date as consequence thereof subject to the Code section 12.1.3.

11. Upon completion of the CNP Connection Work:

- (a) CNP shall own, operate and maintain all equipment referred to in Schedule "G".
- (b) other than equipment referred to in paragraph 11(a) above, all other equipment provided by CNP as part of the CNP Connection Work or provided by the Load Customer as part of the Load Customer Connection Work will be owned, operated and maintained by the Load Customer.

The Load Customer acknowledges that:

- (i) ownership and title to the equipment referred to in paragraph 11(a) above shall throughout the Term and thereafter remain vested in CNP and the Load Customer shall have no right of property therein; and
- (ii) that any portion of the equipment referred to in paragraph 11(a) above that is located on the Load Customer's Property shall be subject to an easement substantially in the form set out in Schedule "I" and shall remain the property of CNP and shall not be or become fixtures and/or part of the Load Customer's property;

Load Customer's Obligations - Connection

12. Except as specifically provided herein, the Load Customer is responsible for obtaining any and all

permits, certificates, reviews and approvals required under any Applicable Laws for the construction, connection and operation of the Load Customer Connection Work and the New Load Customer Facilities.

13. In addition to its obligations under Section 12 above, the Load Customer is responsible for meeting the requirements of the IESO or its successor, with respect to approving the Connection and operation of the New and/or Existing Load Customer Facilities. The aforementioned requirements, include, but are not limited to, the Load Customer entering into any agreements required by the IESO in order to permit the Connection and the Load Customer complying with the *Market Rules*.

14. The Load Customer shall perform the Load Customer Connection Work at its own expense and in a manner consistent with Good Utility Practice, in compliance with all Applicable Laws, including, but not limited to the Transmission System Code, and using duly qualified and experienced people.

15. The Load Customer shall comply with the terms and conditions of access attached hereto as Schedule "H" and Section 27.13 of the Connection Agreement (which section is incorporated by reference into and forms part of this Agreement) when accessing CNP's Facilities or site. In the event that Section 27.13 of the Connection Agreement or the provisions of Schedule "H" are in conflict then Section 27.13 of the Connection Agreement shall prevail.

16. The Load Customer acknowledges and agrees that:

- (a) CNP is not responsible for the provision of power system components on the New and/or Existing Load Customer Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment.
- (b) it shall, in accordance with all applicable laws, codes and standards, including but not limited to, the Transmission System Code, provide, operate and maintain all power system components on the Load Customer's side of the Connection Point at the expense of the Load Customer, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment;
- (c) all of the power system components referred to in paragraph 16(b) above are subject to the acceptance of CNP with regard to CNP's requirements to permit Connection; and
- (d) it shall provide technical specifications for the New Load Customer Facilities and the Load Customer Connection Work as required for CNP's review. Until CNP has accepted the technical specifications (including electrical drawings) for the New Load Customer Facilities

and the Load Customer Connection Work and accepted the Load Customer's verification of those portions of the Load Customer's electrical facilities affecting CNP's transmission system, in accordance with any of its safety and reliability obligations under the Code, CNP shall not be bound to connect the Customer.

17. Upon completion of the CNP Connection Work, the Load Customer acknowledges and agrees that:

- (a) it shall continue to provide separate telecommunication circuits for the protection, load rejection, metering and SCADA requirements and will do so for as long as the New and/or Existing Load Customer Facilities remain connected to CNP's transmission system;
- (b) ownership and title to the equipment referred to in Schedule "G" shall throughout the Term and thereafter remain vested in CNP and the Load Customer shall have no right of property therein;
- (c) where CNP has equipment for automatic reclosing of circuit breakers after an interruption for the purpose of improving the continuity of the connection, it shall be the obligation of the Load Customer to provide adequate protective equipment for the New and/or Existing Load Customer Facilities that might be adversely affected by the operation of such reclosing equipment;
- (d) it shall provide such equipment as may be required from time to time by CNP for the prompt disconnection of any of the Load Customer's apparatus that might negatively affect the proper functioning of CNP's reclosing equipment;
- (e) unless specified otherwise in Schedule "D" or in the Connection Agreement, the New and/or Existing Load Customer Facilities' equipment shall not be allowed to automatically reclose after an interruption unless the Load Customer has specific prior approval from CNP;
- (f) it shall provide CNP with as-built copies of the documentation specified in Schedule "D", acceptable to CNP, by no later than 60 days after the Final In-Service Date of the New Load Customer Facilities and the Load Customer Connection Work and the Load Customer shall ensure that CNP may retain this information for CNP's ongoing planning, system design, and operating review; and
- (g) it shall maintain and revise the documentation referred to in paragraph 17(f) above to reflect changes to the New and/or Existing Load Customer Facilities and provide copies to CNP on demand or as specified in the Connection Agreement.

Cost of CNP Connection Work

18 (a) The Load Customer shall pay CNP the Actual Cost of the CNP Connection Work – Recoverable – New

Load Customer Facilities which is estimated to be the amount specified in Schedule "D" (plus applicable taxes) in the manner of payment specified in Schedule "D". The Load Customer shall pay a capital contribution (the "Capital Contribution") which is calculated based on the Actual Cost of the CNP Connection Work – Recoverable – Connection Facilities and CNP Connection Work – Recoverable – Network Facilities (provided a direction is obtained from the OEB) and as per the CNP Economic Evaluation Procedure approved by the Board (plus applicable taxes) in the manner of and time of payment specified in Schedule "D". The Capital Contribution was calculated as part of the CNP Economic Evaluation Procedure using estimated costs as set out in Schedule "F".

Within 120 days after the Final In-Service Date, CNP shall provide the Load Customer with an invoice or credit memorandum including a revised Economic Evaluation based on Actual Costs which shall indicate whether the amounts already paid by the Load Customer exceeds or is less than the Actual Cost of the CNP Connection Work – Recoverable – New Load Customer Facilities and/or the Capital Contribution related to CNP Connection Work – Recoverable – Connection Facilities and CNP Connection Work – Recoverable – Network Facilities (if necessary) based on Actual Cost. Any difference between said Actual Cost of CNP Connection Work – Recoverable – New Load Customer Facilities (plus applicable taxes) and the Capital Contribution based on Actual Cost, and the amounts already paid by the Load Customer in respect of Actual cost and/or Capital Contribution shall be paid within 30 days after the rendering of the said invoice or credit memorandum, (i) by CNP to the Load Customer, if an amount already paid by the Load Customer in respect of the CNP Connection Work – Recoverable – New Load Customer Facilities and/or Capital Contribution exceeds the CNP Connection Work – Recoverable – New Load Customer Facilities and/or Capital Contribution based on Actual Cost (plus applicable taxes), or (ii) by the Load Customer to CNP, if the amount already paid by the Load Customer in respect of the CNP Connection Work – Recoverable – New Load Customer Facilities and/or Capital Contribution is less than the CNP Connection Work – Recoverable – New Load Customer Facilities and/or Capital Contribution based on Actual Cost (plus applicable taxes).

CNP shall also provide to the Load Customer together with the final invoice or credit memorandum, a new Schedule "F" to replace Schedule "F" of this Agreement attached hereto and said new Schedule "F" shall be made a part hereof as though it had been originally incorporated into this Agreement.

18 (b) In addition to the final invoice or credit memorandum to be provided by CNP in accordance with Section 18 (a) above, CNP shall also provide the Load Customer with a Statement of Actual Costs in the form attached hereto as Schedule "E" and said new Schedule

"E" shall be made a part hereof as though it had been originally incorporated into this Agreement.

True-up Calculations

19. CNP shall carry out true-up calculations; based on actual customer load, at the following true-up points and at the time of disconnection where the Load Customer voluntarily and permanently disconnects the Existing Load Customer Facilities and New Load Customer Facilities from CNP's transmission facilities and prior to the final True-up identified below:

(Only include one of the following section 19 (a) based on the Load Customer's Economic Evaluation Period.)

Applicable to 5 Year Economic Evaluation Period (Based upon Load Customer Financial Risk Classification):

19 (a) True-ups will commence at the end of each year of operation, (first anniversary of the Initial In-Service Date), for five years. Each true-up shall use the same methodology used to carry out the initial economic evaluation, and the same inputs except for load, which will be based on the actual load up to the true-up point and an updated load forecast for the remainder of the economic evaluation period used.

Applicable to 10 and 15 Year Economic Evaluation Period (Based upon Load Customer Financial Risk Classification):

19 (a) True-ups will commence at the end of each of the third, fifth and tenth year of operation, (third, fifth and tenth anniversary of the Initial In-Service Date). Each true-up shall use the same methodology used to carry out the initial economic evaluation, and the same inputs except for load, which will be based on the actual load up to the true-up point and an updated load forecast for the remainder of the economic evaluation period used.

Applicable to 25 Year Economic Evaluation Period (Based upon Load Customer Financial Risk Classification):

19 (a) True-ups will commence at the end of each of the fifth and tenth year of operation, and at the end of the fifteenth year of operation if actual load is 20 percent higher or lower than the initial load forecast at the end of the tenth year of operation, (fifth, tenth and fifteenth anniversary of the Initial In-Service Date). Each true-up shall use the same methodology used to carry out the initial economic evaluation, and the same inputs except for load, which will be based on the actual load up to the true-up point and an updated load forecast for the remainder of the economic evaluation period used.

19 (b) For each true-up period, based on the actual load and load forecast of the Load Customer, if the actual Transformation Connection Rate Revenue and/or actual Line Connection Rate Revenue received by CNP is less

than the forecast Transformation Connection Rate Revenue and/or forecast Line Connection Rate Revenue, the Load Customer shall make payment to CNP in the amount of the shortfall adjusted to reflect the time value of money, no later than 30 days after the date of CNP' invoice therefor.

19 (c) For each true-up period, based on the actual load and the initial load forecast of the Load Customer, if the actual Transformation Connection Rate Revenue and/or actual Line Connection Rate Revenue received by CNP is more than the initial forecast Transformation Connection Rate Revenue and/or initial forecast Line Connection Rate Revenue specified for the period in question, CNP will post the excess revenue as a credit to the Load Customer in a notional account. CNP will apply this credit against any shortfall in subsequent true-up calculations. Where the Load Customer paid a Capital Contribution pursuant to section 18(a) of this Agreement, CNP shall rebate the Load Customer an amount that is the lesser of the credit balance in the notional account adjusted to reflect the time value of money, and the Capital Contribution adjusted to reflect the time value of money no later than 30 days following the final True-up calculation.

19 (d) All adjustments to reflect the time value of money to be performed under subsections 19(b) and 19(c) above shall be performed in accordance with OEB-Approved Connection Procedures and the requirements of the Transmission System Code.

OEB Review

20.1 Nothing contained within this Agreement shall preclude, prevent, prohibit or operate as a waiver of any of the parties rights to:

- (i) make application to the OEB;
- (ii) participate in any hearings before the OEB; or
- (iii) make any appeals to a court of competent jurisdiction regarding any decision by the OEB;

with respect to:

- (A) the cost and the allocation of the costs hereunder;
- (B) the cost and the allocation of costs of the CNP Connection Work – Recoverable and Non-Recoverable notwithstanding CNP's decision not to allocate or to allocate any part of the costs of this work to the Load Customer at this time; or
- (C) any other costs and the allocation of any other costs associated with, related to, or arising out of the connection of the Project to CNP' transmission system or CNP' policies in respect of connections generally.

20.2 CNP shall refund to the Load Customer or the Load Customer shall pay to CNP any portion of Capital Contributions, as the case may be, which the OEB subsequently determines should have been allocated in a manner different from that established under section 18(a).

Project Timelines

21.1 Notwithstanding the generality of Section 32 below, the Load Customer hereby (a) forever releases and discharges CNP from any and all claims, demands, actions and causes of action, including for any income or profits lost or costs incurred by the Load Customer which the Load Customer may now have or hereafter may have associated with and (b) indemnifies and shall hold harmless CNP in respect of any and all claims, demands, actions and causes of action, including for any income or profits lost or costs incurred by a third party which the third party may now have or hereafter may have in respect of the Project and, associated with or arising out of CNP not proceeding with the CNP Connection Work within the timelines referenced in the System Impact Assessment dated (*insert date*), and in written communications made to CNP by the IESO or not proceeding with the CNP Connection Work at all- subject to the Code section 12.1.3.

21.2 As the Project is schedule-driven and as the estimated costs in Section 18 of this agreement is based upon normal timelines for delivery of material and performance of work, in addition to the amounts that the Load Customer is required to pay pursuant to Section 18 above, the Load Customer agrees to pay CNP's Premium Costs if the Load Customer causes or contributes to any delays, including, but not limited to, the Load Customer failing to execute this Agreement by the Execution Date specified in Schedule "D" of this agreement.

CNP will obtain the Load Customer's approval prior to CNP authorizing the purchase of materials or the performance of work that will attract Premium Costs.

The Load Customer acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and CNP will not be liable to the Load Customer as a result therefor. The Load Customer shall pay any prior-approved Premium Costs within 30 days after the date of CNP's invoice therefor.

22.1(a) If the Connection is cancelled, or this Agreement is terminated for any reason whatsoever other than breach of this Agreement by CNP, the Load Customer shall pay CNP's Actual Costs associated with the CNP Connection Work and arising from activities undertaken by CNP in respect of the CNP Connection Work on and prior to the date that the Connection Work is cancelled or this Agreement is terminated and arising from activities undertaken by CNP in respect of the cancellation of the Connection Work, including the preliminary design costs and all costs associated with the winding up of the CNP Connection Work, including, but not limited to, purchase order cancellation charges and penalties, equipment purchase, storage costs, facility removal expenses and any environmental remediation costs. In particular where the Connection Materials have been installed by CNP the Load Customer shall be liable for CNP's Actual Costs and shall also be liable for any costs associated with the installation and the removal of the Connection Materials that have been

installed by CNP including costs to restore the site to the original or acceptable configuration at CNP's discretion. Within 60 days after the completion of the restoration of the site, CNP shall provide the Load Customer with a final invoice or credit memorandum which shall indicate whether the amounts already paid by the Load Customer exceed or are less than the Actual Costs required above.

(b) If the Load Customer wishes to defer the Connection, then the Load Customer shall give notice to CNP in writing and the Parties will negotiate the terms of such deferral. Notwithstanding, any negotiation undertaken by the Parties, the Load Customer shall indemnify and save CNP harmless in respect of any and all Actual Costs incurred by CNP associated with the CNP Connection Work and arising from activities undertaken by CNP in respect of the CNP Connection work on or prior to the date the Load Customer notifies CNP in writing of the Load Customer's wish to defer the Connection.

22.2 The Load Customer shall pay CNP's Actual Costs which become payable under Section 22.1 above within 30 calendar days after the date of CNP's invoice therefor.

Assignment

23. In the event that the Load Customer sells, leases or otherwise transfers or disposes of all or part of the New and/or Existing Load Customer Facilities to a third party during the Term of this Agreement, the Load Customer shall cause the purchaser, lessee or other third party to whom the New and/or Existing Load Customer Facilities are transferred or disposed to enter into an assumption agreement with CNP on terms and conditions acceptable to CNP to assume all of the Load Customer's obligations in this Agreement; and notwithstanding such assumption agreement, the Load Customer shall remain obligated to pay the amounts thereafter payable pursuant to Sections 18, 21, 22.1, 22.2, 27 and 46 hereof by the purchaser, lessee or other third party in the case of a transfer or disposition.

Security Requirements

24. The Load Customer, whenever required by CNP to do so, shall furnish security satisfactory to CNP for the performance by the Load Customer of its obligations for costs documented in Schedule "D" under this Agreement. The security for the purpose for which it is provided may be an irrevocable letter of credit given by a bank chartered in Canada, a surety bond given by a surety company, negotiable bond or a cash deposit. An alternate form of security, if satisfactory to CNP, would be an irrevocable corporate guarantee from a Load Customer's affiliated company. The security provided shall not exceed the remaining amounts owing for costs plus CNP Connection Work – Non-Recoverable – Network Facilities documented in Schedule "D" under this Agreement.

By no later than the date specified in Schedule "D" as the Security Date, the Load Customer shall provide CNP with security as specified in Schedule "D".

The Load Customer, if not in default under this Agreement shall be entitled to:

- (a) the interest payable on negotiable bonds held as security; or,
- (b) the interest on returned cash deposits at the following rates:
 - i. for the period between the date on which the security deposit was provided by the Load Customer and the date on which the security deposit is required to be returned by CNP, at the average over the period of the prime lending rate set by the Bank of Canada less two percent; and
 - ii. for the period after the date on which the security deposit is required to be returned by CNP, at the prime lending rate set by the Bank of Canada plus two percent.

Where the security deposit is in the form of cash, CNP shall return the security deposit to the Load Customer, together with interest less the amount of any Capital Contribution owed by the Load Customer, once the Load Customer's facilities are connected to CNP's transmission facilities. Where the security deposit is in a form other than cash, CNP shall return the security deposit to the Connection Applicant once the Connection Applicant's facilities are connected to CNP's transmission facilities and any Capital Contribution has been paid.

Where the Load Customer has furnished any of the forms of security hereinbefore specified, the Load Customer if not in default as aforesaid shall have the right at any time to substitute for the security any other of the forms of security acceptable to CNP. If at any time the security furnished to CNP becomes unsatisfactory to CNP, the Load Customer upon request of CNP shall promptly furnish security, within five (5) business days of receipt of notice that is satisfactory to CNP. Security held in regards to this Agreement shall be returned to the Load Customer once obligations are fulfilled subject to the Code sections 6.3.5(b), 6.3.9, 6.3.10, and 6.3.11(c).

Where an affiliate guarantee has been furnished as security, if the Load Customer or an affiliate of the Load Customer, experiences a "material change in financial risk" as defined by the *Securities Act* (Ontario) as amended from time to time, the Load Customer must advise CNP within five (5) business days of the change, and CNP shall have the right to require security in a different form. The Connection Applicant will have five (5) business days to comply with CNP's request.

CNP shall be entitled to keep, draw down, redeem etc., as the case may be, all or a part of a security deposit that has been given in relation to the construction or modification of connection or network facilities where the Load Customer

subsequently fails to connect its facilities to CNP's new or modified facilities.

Upon or any time after the occurrence of an Event of Default and the expiry of the rectification period set forth in Sections 27, CNP may do any one or more of the following:

- (i) exercise its rights and remedies as a secured Party with respect to all security, including any such rights and remedies under Applicable Laws then in effect;
- (ii) exercise its rights of set-off against any and all property of the Load Customer in the possession of CNP or its agent;
- (iii) draw on any outstanding letter of credit issued for its benefit; and
- (iv) liquidate all security then held by or for the benefit of CNP free from any claim or right of any nature whatsoever of the Load Customer, including any equity or right of purchase or redemption by the Load Customer.

CNP shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Load Customer's obligations under this Agreement (the Load Customer remaining liable for amounts owing to CNP after such application), subject to CNP's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

Easement

25. If specified in Schedule "D" that an easement is required, the Load Customer shall or the Load Customer shall cause the third party specified in Schedule "D" to grant an easement to CNP substantially in the form of the easement attached hereto as Schedule "I" or a form of easement agreeable to the Parties for the property described as the Easement Lands in Schedule "D" by no later than the date specified as the Easement Date in Schedule "D" (hereinafter referred to as the "Easement") with good and marketable title thereto, free of all encumbrances, first in priority except as noted herein, and in registerable form, in consideration of the sum of \$2.00.

The above Easement shall be for the Easement Term specified in Schedule "I" which will commence on the Easement Date provided that in the event that CNP removes the asset that is the subject of the Easement during the Easement Term, CNP shall surrender the Easement at that time. Subject to the foregoing, the Easement shall survive the termination of this Agreement.

Events of Default

26. Each of the following events shall constitute an "Event of Default" under this Agreement:

- (a) failure by the Load Customer to pay any amount due under this Agreement within the time stipulated for payment;
- (b) breach by the Load Customer or CNP of any Material term, condition or covenant of this Agreement;
- (c) if a Party takes any action in respect of liquidation or winding up, or makes an assignment for the benefit of creditors, or makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable statute of any applicable jurisdiction, or if a custodian or receiver or receiver and manager or any other official with similar power is appointed for the said Party, or a substantial portion of said party's properties and assets and such appointment is not dismissed within 10 calendar days, or if a bankruptcy or similar petition with respect to the bankruptcy, or other enforced liquidation of said Party is presented or filed against it unless same is dismissed or discharged within 30 days and during which grace period execution thereunder is effectively stayed; or,
- (d) any other Events of Default specified in Schedule "D".

For greater certainty, a Dispute shall not be considered an Event of Default under this Agreement. However, a Party's failure to comply within a reasonable period of time, with terms of a determination of such a Dispute by the OEB or with a decision of a court of competent jurisdiction with respect to determination made by the OEB shall be considered an Event of Default under the Agreement.

27. In an Event of Default by the Load Customer hereunder (other than the Event of Default specified in Subsection 26(c) of this Agreement, for which no notice is required or period of rectification is to be given by CNP and in respect of which CNP may immediately terminate this Agreement), CNP shall give the Load Customer written notice of the Event of Default and allow the Load Customer 30 days from the date of receipt of the notice to rectify the Event of Default, at the Load Customer's sole expense. If such Event of Default is not cured to CNP's reasonable satisfaction within the 30-day period, CNP may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to CNP under the terms of this Agreement, at common law or in equity: deem this Agreement to be terminated and, after giving the Load Customer at least 10 days' prior written notice thereof, CNP may; (i) in accordance with Section 24, retain, and if applicable, enforce its interests in respect of any security provided by the Load Customer and as described in Schedule "D" hereto and (ii) recover, as liquidated damages and not as a penalty, the amounts

payable by the Load Customer pursuant to Sections 18, 21, 22.1, 22.2 and 46 hereof.

28. In an Event of Default by CNP hereunder (other than the Event of Default specified in Subsection 26(c) of this Agreement, for which no notice is required to be given by the Load Customer or period of rectification and in respect of which the Load Customer may immediately terminate this Agreement), the Load Customer shall give CNP written notice of the Event of Default and shall allow CNP 30 days from the date of receipt of the notice to rectify the Event of Default at CNP's sole expense. If such Event of Default is not cured to the Load Customer's reasonable satisfaction within the 30-day period, the Load Customer may pursue any remedies available to it at law or in equity, including at its option the termination of this Agreement.

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

Connection Agreement and Transmission System Code

30. The Connection Agreement as set forth in the Transmission System Code requires the Load Customer to execute a Connection Agreement with CNP prior to commissioning and Initial In-Service of the New and/or modified Existing Load Customer facilities as specified in Schedule "D" as the CA Execution Date.

Liability and Force Majeure

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

In any event, the total liability of CNP to the Load Customer for any and all claims for damages under this Agreement whether it arises by statute, contract, tort or otherwise, will not exceed the Actual Cost recoverable from the Load Customer of the CNP Connection Work.

This provision shall survive the termination of this Agreement.

32. Neither Party shall be considered to be in default in the performance of its obligations under this Agreement, except obligations to make payments with respect to amounts already accrued, to the extent that performance of any such obligation is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of, and not a result of the fault or negligence of, the affected Party ("Force Majeure") and includes, but is not limited to, strikes, lockouts and any other labour disturbances and manufacturer's delays for equipment or materials required for the CNP Connection Work. The non-affected Party shall be relieved of any obligation hereunder during the continuation of the event of Force Majeure.

If a Party is prevented or delayed in the performance of any such obligation by Force Majeure, such Party shall immediately provide notice to the other Party of the circumstances preventing or delaying performance and the expected duration thereof. Such notice shall be confirmed in writing as soon as reasonably possible. The Party so affected by the Force Majeure shall endeavour to remove the obstacles which prevent performance and shall resume performance of its obligations as soon as reasonably practicable, except that there shall be no obligation on the Party so affected by the Force Majeure where the event of Force Majeure is a strike, lockout or other labour disturbance.

Mutual Obligations

33. Within 30 days of the date hereof or another mutually agreed date, the Parties agree to establish a project management and communications protocol (the "Protocol") to be used by the Parties during the Term of this Agreement. The Protocol will address such matters as:

- (a) cancellation of outages;
- (b) proposed changes to the scope of work;
- (c) the contacts for day to day issues;
- (d) the manner in which information requests are to be made; and
- (e) how any other issues that may arise with respect to the Connection, including, but not limited to, the CNP Connection Work and the Load Customer Connection Work, are to be communicated to the other Party.

34. Each Party agrees that it shall at all times act reasonably in the performance of its obligations and the exercise of its rights under this Agreement.

General

35. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement. Schedules "A", "B", "C" "D", "E", "F", "G", "H" and "I" attached hereto and any Exhibits referenced in those aforementioned Schedules are to be read with and form part of this Agreement.

36. The failure of any Party hereto to enforce at any time any of the provisions of this Agreement or to exercise any right or option which is herein provided shall in no way be construed to be a waiver of such provision or any other provision nor in any way affect the validity of this Agreement or any part hereof or the right of any Party to enforce thereafter each and every provision and to exercise any right or option. The waiver of any breach of this Agreement shall not be held to be a waiver of any other or subsequent breach. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the Party against whom such waiver is sought to be enforced which expressly waives a right or rights or an option or options under this Agreement.

37. Any written notice required by this Agreement shall be deemed properly given only if either mailed or delivered to the person at the address specified in Schedule "D" on behalf of CNP, and to the person at the address specified in Schedule "D" on behalf of the Load Customer.

A faxed notice will be deemed to be received on the date of the fax if received before 4 p.m. or on the next business day if received after 4 p.m. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either Party by written notice.

38. Each Party acknowledges and agrees that it has participated in the drafting of this Agreement and that no portion of this Agreement shall be interpreted less favourably to either Party because that Party or its counsel was primarily responsible for the drafting of that portion.

39. No amendment, modification or supplement to this Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of this Agreement.

40.1 Confidential Information shall at all times be treated as confidential, and shall be prepared, given, and used in good faith. The Parties shall use the Confidential Information only for the requirements of the work being performed including, but not limited to, planning or operating the Connection facilities or CNP's transmission system, and not for any other purpose, and shall not disclose it to any third party, directly or

indirectly, without the prior written consent of the Party that provided the Confidential Information, and in such events the third party shall agree to use the Confidential Information solely for the requirements of the work as specified. Confidential Information shall not be used for any commercial purpose of any kind whatsoever other than contemplated herein.

40.2 "Confidential Information" does not include:

- (a) information that is in the public domain, provided that specific items of information shall not be considered to be in the public domain merely because more general information is in the public domain and provided that the information is not in the public domain as a result of a breach of confidence by the Party seeking to disclose the information or a person to whom it has disclosed the information;
- (b) information that is, at the time of the disclosure, in the possession of the recipient, provided that it was lawfully obtained either from the other Party or from sources, who did not acquire it directly or indirectly from the other Party under an obligation of confidence; and
- (c) information that must be disclosed in compliance with a judicial or governmental order or other legal process.

40.3 Each Party shall keep Confidential Information confidential except:

- (a) where required under the Transmission System Code, the *Market Rules*, the IESO Market Manuals, or a Party's License;
- (b) to the extent required by applicable law;
- (c) where required by order of a government, government agency or regulatory body or agency having jurisdiction;
- (d) if required in connection with legal proceedings, arbitration or any expert determination relating to the subject matter of the Transmission System Code, or for the purpose of advising CNP in relation thereto;
- (e) where permitted by any applicable connection agreement;
- (f) as may be required in an emergency or to prevent an emergency; or
- (g) as may be required to enable a Party to fulfill its obligation to any reliability organization.

40.4 The Parties shall make any information required to be provided or communicated under the terms of this Agreement available to each other in a timely and co-operative manner.

40.5 The confidentiality provisions of this section 40 will continue and survive for a period of 5 years after the termination of this Agreement.

41. Unless otherwise specified, references in this Agreement to Sections or Schedules are to sections, articles and Schedules of this Agreement. Any reference in this Agreement to any statute, regulation, any OEB approved documents or any section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation, document or section as amended, restated or re-enacted from time to time. The insertion of headings is for convenience only, and shall not affect the interpretation of this Agreement. Unless the context requires otherwise, words importing the singular include the plural and vice versa.

42. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein. Prior to the existence of OEB-Approved Connection Procedures either party may refer a Dispute to the OEB for a determination. Once there are OEB-Approved Connection Procedures, Disputes shall be dealt with in accordance with the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

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

44. Sections 17, 18, 19, 20.1, 20.2, 21.1, 21.2, 22.1, 22.2, 24 and 40.5 shall survive the termination of this Agreement.

45. In the event the Transmission System Code is amended such that any provision of this Agreement is rendered illegal or unenforceable or a Party is materially and adversely affected in respect of fulfilling its obligations under this Agreement, the Load Customer and CNP agree to negotiate in good faith such changes to this Agreement to implement such amendments to the Transmission System Code.

46. Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including, but not limited to amounts that are not invoiced but required under the terms of this Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.6 percent per year) for the time they remain unpaid.

47. This Agreement is subject to the Transmission System Code and if any provision of this Agreement is inconsistent with the Transmission System Code the said provision shall be deemed to be amended so as to comply with the Transmission System Code. In the event of an inconsistency between this Agreement and a Connection Agreement between the parties, associated with the new customer connection facilities, on the same subject matter the Connection Agreement governs. This Agreement is also subject to any changes where the Board has amended the CNP Customer Connection Procedures.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper officers, as of the day and year first written above.

CANADIAN NIAGARA POWER INC.

Name:
Title:

Name:
Title:

We have the authority to bind the Corporation.

(Insert: CORPORATE NAME OF THE LOAD CUSTOMER)

Name:
Title:

Name:
Title:

I/We have the authority to bind the Corporation.

Schedule "A": Definitions

In the Agreement, unless the context otherwise requires, terms which appear therein without definition, shall have the meanings respectively ascribed thereto in the *Transmission System Code* and unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Actual Cost" means CNP's charge for engineering, labour, material, equipment, administration and direct and indirect overheads and interest thereon.

"Agreement" means the Connection Cost Recovery Agreement, Schedules "A" to "I" attached thereto.

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

"Approval Date" means for the purpose of Subsection 10(h) of this Agreement, the date specified in Schedule "D" of this Agreement.

"Capital Contribution" means a capital contribution calculated using the economic evaluation methodology set out in the *Transmission System Code*.

"CNP Connection Work" means the work to be performed by CNP, which is described in Schedule "B", attached to this Agreement and which is comprised of Recoverable and Non-Recoverable work.

"CNP Connection Work – Non-Recoverable" means non-recoverable work required for the Connection associated with Network Facilities where the costs will not be allocated to the Load Customer as such Network Facilities are defined in the Transmission System Code.

"CNP Connection Work - Recoverable" means recoverable work required for the Connection to cover the cost of work on New Load Customer Facilities and Line or Transformation Connection Facilities required to meet the Load Customer's needs and/or in exceptional circumstances Network Facilities (provided a direction is obtained from the OEB) where the costs will be allocated to the Load Customer as such Line and Transformation Connection and Network Facilities are defined in the Transmission System Code.

"CNP Connection Work – Recoverable – New Load Customer Facilities" means recoverable work required for the Connection including design/drawing review, commissioning, inspection and testing associated with the New Load Customers Facilities.

"CNP Connection Work – Recoverable – Connection Facilities" means recoverable work required for the Connection associated with Line and Transformation Connection Facilities as such Transformation and Line Connection Facilities are defined in the Transmission System Code.

"CNP Connection Work – Recoverable – Network Facilities" means recoverable work required for the Connection associated with Network Facilities in exceptional circumstances (provided a direction is obtained from the OEB) as such Network Facilities are defined in the Transmission System Code

"CNP's Facilities" means collectively the CNP's Facilities - LV and the CNP's Facilities - HV.

"CNP's Facilities - HV" means the facilities owned by CNP specified in Schedule "D" that convey electricity at voltages of more than 50 kilovolts.

"CNP's Facilities - LV" means the facilities owned by CNP specified in Schedule "D" that convey electricity at voltages of 50 kilovolts or less.

"CNP's Property(ies)" means any lands owned by CNP in fee simple or where CNP now or hereafter has obtained easement rights.

"Confidential Information" means:

- (i) all information disclosed by a Party to the other Party under this Agreement or in negotiating this Agreement which by its nature is confidential to the Party disclosing the information; and
- (ii) all interpretative reports or other data generated by a Party that are based in whole or in part on information that is made Confidential Information by section 40.

"Connection" means the connection of the New and/or Existing Load Customer Facilities to CNP's transmission system at the Connection Point.

"Connection Materials" means the materials ordered by CNP for the purpose of the Connection.

"Connection Point" means the point where the New and/or Existing Load Customer Facilities are connected to CNP's transmission system.

"Dispute" means a dispute with respect to any matter under the Transmission System Code where either Party is alleging the other is: (i) seeking to impose a term that is inconsistent or contrary to the Ontario Energy Board Act, the Electricity Act, 1988, CNP's transmission license, or the Transmission System Code; or (ii) refusing to include a term or condition that is required to give effect to this Code or any of the transmitter's connection procedures.

"Economic Evaluation Period" Means the period of five (5) years for high risk connection, ten (10) years for a medium-high risk connection, fifteen (15) years for a medium-low risk connection and twenty-five (25) years for a low risk connection commencing on the Initial In-Service Date whichever is applicable to the Load Customer as specified in Schedule "D" of this Agreement.

"Execution Date" means for the purpose of Subsection 10(a) and Section 21.2 of this Agreement, the date specified in Schedule "D".

"Existing Load Customer Facilities" means any of the Load Customer's facilities that existed and were in-service connected to the CNP transmission system prior to this new or modified Connection.

"Final In-Service Date" means the date on which all of the New and/or modified Existing Load Customer Facilities are in-service.

"GST" means the Goods and Services Tax.

"Initial In-Service Date" means the date that the IESO has initially allowed some or all of the New Load Customer Facilities to be placed in service.

"Line Connection Rate Revenue" means the amount of line connection rate revenue (estimated or actual) attributed to that part of the Load Customer's New Load to be received by CNP through the monthly collection of the Line Connection Service Rate during the Economic Evaluation Period specified in Schedule "F" of this Agreement.

"Load Customer Connection Work" means the work to be performed by the Load Customer, at its sole expense where the Load Customer will own the facility or where, subject to a transfer price, the facility will be owned by CNP after transfer to CNP, which is described in Schedule "C" attached to this Agreement.

"Load Customer Financial Risk Assessment" is as specified in Schedule "F" of this Agreement.

"Load Customer's Property(ies)" means any lands owned by the Load Customer in fee simple or where the Load Customer has easement rights.

"Material" relates to the essence of the contract, more than a mere annoyance to a right, but an actual obstacle to the performance or exercise of a right.

"New Load Customer Facilities" means the facilities owned by the Load Customer and specified in Schedule D as 'New or Modified Facilities' and 'New Transmission Facilities'.

"Non-Load Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the Scope of the Project such as a result of any one or more of the following:

- any environmental assessment(s);
- requirement for CNP to obtain approval under Section 92 of the *Ontario Energy Board Act* if the transmission line route selected by CNP is greater than 2 km in length;
- conditions included by the OEB in any approval issued by the OEB under Section 92 of the *Ontario Energy Board Act*; and
- any IESO requirements identified in the System Impact Assessment or any revisions thereto.

"OEB-Approved Connection Procedures" means CNP's connection procedures as approved by the OEB.

"Premium Costs" means those costs incurred by CNP in order to maintain or advance the Ready for Service Date, including, but not limited to, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having CNP's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Project" means construction of the New Load Customer Facilities including the Load Customer Connection work.

"Ready for Service Date" means the date upon which the CNP Connection Work is fully and completely constructed, installed, commissioned and energized to the Connection Point. The Load Customer's disconnect switches must be commissioned prior to this date in order to use them as isolation points.

"Term" has the meaning hereto as ascribed in Section 2. of this agreement.

"Transformation Connection Rate Revenue" means the amount of transformation connection rate revenue (estimated or actual) attributed to that part of the Load Customer's New Load to be received by CNP through the monthly collection of the Transformation Connection Rate Revenue during the Economic Evaluation Period specified in Schedule "F" of this Agreement.

"Transmission System Code" means the code of standards and requirements issued by the OEB, dated July 25, 2005 that came into force August 20, 2005 as published in the Ontario Gazette, as it may be amended from time to time.

"True-up" means the calculation to be performed by CNP, as a transmitter, at each true-up point in accordance with the requirements of Subsection 6.5.4 of the *Transmission System Code*.

Schedule "B": CNP Connection Work

CNP will provide project management, engineering, equipment and materials, construction, commissioning and energization for all work pertaining to the Connection.

(Describe work under the following headings as defined in Schedule "A". Larger projects can be divided into parts for clearer description of the Work.)

Recoverable

1. New Load Customer Facilities
(perform)
(Includes review of Load Customer specifications/drawings and inspection, testing and witnessing of commissioning of the New Load Customer's Facilities)
2. Transformation Connection Facilities (uncontestable)
(install/provide/perform)
3. Transformation Connection Facilities (contestable)
(install/provide/perform)
(Includes the development of technical requirements and specifications for work to be completed by the Load Customer with the facilities transferred to CNP and the review of Load Customer specifications/drawings and inspection, testing and witnessing of commissioning of the facilities to be transferred.)
4. Line Connection Facilities (uncontestable)
(install/provide/perform)
5. Line Connection Facilities (contestable)
(install/provide/perform)
(Includes the development of technical requirements and specifications for work to be completed by the Load Customer with the facilities transferred to CNP and the review of Load Customer specifications/drawings and inspection, testing and witnessing of commissioning of the facilities to be transferred.)
6. Network Facilities
(install/provide/perform)
(This work is recoverable only if CNP applies to the OEB as per the Code section 6.5.3 and the Board has provided CNP with direction.)

Non-Recoverable

1. Network Facilities
(install/provide/perform)

Schedule "C": Load Customer Connection Work

(Schedule "C" is to be revised and specified in detail based on actual design requirements for the connection.)

Part 1: Load Customer Election

Load Customer must select one of the following options regarding the construction and ownership of contestable facilities:

1. CNP built and owned (pool funded)
2. Load Customer built and transferred to CNP (pool funded)
3. Load Customer built and owned (not pool funded)

The Load Customer selects Option "X" for this Project.

For Option 2 the Load Customer will do the following contestable work where the facilities will be transferred to CNP:

1. Transformation Connection Facilities (contestable)

(install/provide/perform)

2. Line Connection Facilities (contestable)

(install/provide/perform)

Part 2: General Project Requirements:

The Load Customer will:

- (a) enter into a Connection Agreement with CNP at least 14 days prior to the first Connection;
- (b) ensure that project data is made available or provided to CNP as required by CNP;
- (c) ensure that the work performed by the Load Customer and others required for successful installation, testing and commissioning of protective and metering equipment is completed as required to enable CNP witnessing and testing to confirm satisfactory performance of such systems;
- (d) install metering facilities in accordance with the *Market Rules*;
- (e) provide a dedicated communication circuit for remote access to the metering equipment in accordance with the *Market Rules*;
- (f) provide a dedicated telephone for direct communication between CNP System Control Centre operators and the Load Customer Control Room Operator on a 24 hour / 7 days a week basis;

(g) provide any hardware required to connect to CNP's transmission System;

(h) provide coordination of protections; and

(i) **any other requirements specific to the Connection**

Part 2: Line tap

By *(insert date)*, the Load Customer will:

Part 3: Teleprotection at the New Facility

By *(insert date)*, the Load Customer will provide teleprotection for *(insert name of CNP's Facilities)* based on the following design considerations:

- ABB NSD70 equipment or DTT circuits or equivalent if required.
- Minimum of two to four tones or DDT circuits per transmission line.
- Dual power supplies.
- Dual channel transfer trip and/or dual channel blocking signal as required.
- Leased circuits or equivalent with redundant paths if required.

Part 4: SCADA RTU

By *(insert date)*, the Load Customer will:

- Provide SCADA RTU functionality to meet CNP configuration and communications protocol and to comply with IESO technical and performance requirements.
- Provide a port and a modem to transmit to CNP the required telemetry quantities. The modem and protocol details will be to CNP's requirements.

Part 5: Telecommunications

By *(insert date)*, the Load Customer will:

- Provide communications cable entrance facilities and cable protection at the New Load Customer Facility.
- Be responsible for all monthly leasing costs and the yearly leasing charge (per pair) for CNP's neutralizing transformer capacity if required.
- Provide dual circuit routing if required.

Part 6: Revenue Metering

By *(insert date)*, the Load Customer will:

- Provide revenue metering system to IESO requirements including communication facilities.

- Provide CNP with the station single line diagram showing the revenue metering system. The single line diagram will be included in the Connection Agreement.

Part 7: Documentation

By the specified date, the Load Customer shall have provided CNP with the following Connection Interface Documents for review by CNP in the Design & Build phase:

Group A: (insert date),

- System 1 line drawing showing ratings of all electrical equipment, such as circuit switchers, disconnect switches, bushing potential devices, CVTs, power transformers, grounding transformers, grounding resistors, breakers, etc.
- GPR study and associated station ground design.
- Entrance structure (electrical & structural)
- General arrangement of the New Load Customer Facilities.
- Location of CNP equipment.

Group B: (insert date),

- DC station service 1 line drawing showing ratings of all electrical equipment such as batteries, chargers, etc.
- Information on switchgear fault ratings
- HV surge arrester specification
- RTU configuration/communications protocol
- Teleprotection AC and DC EWD including information on proposed vendor equipment
- Line protection AC and DC EWD
- Transformer and LV bus protection AC and DC EWD
- HV circuit switcher or HV disconnect switch and HV breaker AC and DC EWD
- LV breaker (transformer and bus tie breakers) AC and DC EWD
- Breaker failure (HVI, transformer & bus tie breakers) AC and DC EWD
- HV equipment operating and protection philosophy
- Line design specification
- Special Protection System AC and DC EWD

Group C: (insert date),

- Power transformer nameplate ratings
- Relay settings including relay logic diagrams, coordination studies and fault calculations.
- Commissioning procedure

General

- Identify all submitted documents with revision numbers and/or dates in a transmittal.
- All submitted Connection Interface Documents are to be sent via courier from the Connection

Applicant to the CNP contact and are to be sent via email (one electronic copy) to the CNP contact.

- All submitted drawings are to be submitted in full size, folded & collated into packages for CNP internal distribution. For example, if there are two sets, then we should expect two packages in one courier package.
- Number of Sets:
 - All 1 lines/four sets
 - General arrangements/two sets
 - All other drawings/documents/two sets

Part 8: Special Protection Systems

The Load Customer shall ensure that the Load Rejection Scheme(s) as required by the IESO in their System Impact Assessment (SIA) have been successfully installed, tested and commissioned before connecting to CNP system. The Load Customer will inform CNP 30 business days prior to commissioning of the Load Rejection Scheme(s) and CNP will retain the right to witness the testing and commissioning to confirm satisfactory performance of such systems at the sole discretion of CNP.

By (insert date), the Load Customer will have commissioned the Load Rejection Scheme(s).

Part 9: Commissioning

The Load Customer must submit their commissioning procedure by the date as specified in Part 7: Documents Group C. As per the Transmission System Code CNP reserves the right to inspect, test and witness the commissioning of the New and/or modified Existing Load Customer Facilities that could affect the performance of the transmission system.

Schedule "D":

PART 1: ACTUAL COST OF CNP CONNECTION WORK

(Complete this Part 1 by filling in applicable sections and showing zero costs for any sections that do not apply.)

Estimate: The estimate of the Actual Cost of the CNP Connection Work (excluding GST) as set out in Schedule "E" is summarized as follows:

1.0 Recoverable

New Load Customer Facilities \$(insert number)

1.1 Schedule of payments to recover New Load Customer Facilities work:

Deposit of 10% (due before execution) of *(Insert number in words)* dollars *\$(Insert number).00)*

Scheduled Payments:
(month/day/year) *\$(Insert number).00)*
(month/day/year) *\$(Insert number).00)*

2.0 Recoverable

The total (2.1 + 2.2 + 2.3) CNP Connection Work estimated cost recoverable from the Load Customer using the CNP Economic Evaluation Procedure (refer to Appendix F for details) approved by the Board is *(Insert number in words)* dollars *\$(Insert number).00)*.

2.1 Transformation Connection Facilities

Connection Facilities \$(insert number)

2.2 Line Connection Facilities

Connection Facilities \$(insert number)

2.3 Network Facilities

(only insert this data if CNP has applied to and obtained direction from the OEB for recovery of Network costs from the Load Customer.)

Network Facilities \$(insert number)

2.4 Capital Contribution

The Load Customer's load forecast and estimated Transformation and/or Line Connection Rate Revenue used in the Financial Evaluation Procedure are listed in Schedule "F" of this Agreement.

Capital Contribution¹: *(Insert number in words)* dollars *\$(Insert number).00)* based on estimated costs for both transformation and line connection facilities and if directed by the OEB network facilities.

2.5 Schedule of payments to recover the Capital Contribution:

Scheduled Payments:
(month/day/year) *(Insert number in words)* dollars *\$(Insert number).00)*
(month/day/year) *(Insert number in words)* dollars *\$(Insert number).00)*

3.0 Non-Recoverable

Network Facilities \$(insert number)

As noted above, GST is not included in the estimate of the Actual Cost of the CNP Connection Work and will be collected when CNP renders the invoice or credit memorandum in accordance with Section 18 hereof.

The estimate of Actual Cost of the CNP Connection Work is based on the preliminary estimate provided to the Load Customer on *(insert date)* for transmission connection plus the additional estimate for CNP review and commissioning costs associated with the New Load Customer Facilities. The estimate does not include any telecommunication costs which are the Load Customer's responsibility.

PART 2: USE OF EXISTING AND NEW CNP FACILITIES

Following the Connection, the following are CNP's Facilities for the purposes of this Agreement:

CNP's Facilities -HV:

(insert description of facilities)

CNP's Facilities -LV:

(insert description of facilities)

¹ Cross-reference section 18 (a).

Normal Supply Capacity of Lines:

Circuit Designation	Conductor Size	Summer Rating (Amps)	Winter Rating (Amps)

Note:

The lines are continuously rated for the following system conditions: sheltered, 4 km/hr wind and 30°C summer and 10°C winter ambient temperatures respectively.

PART 3: MISCELLANEOUS

Connection Point Description (Ownership):

(insert description)

This statement will be used in the Connection Agreement.

New Load Customer Facilities:

e.g. *(insert total)* MVA load facility located at *(insert address)*, Ontario, being comprised of *(insert number of transformers and/or feeders)*.

New Load Customer Transmission Facilities:

e.g. a *(insert number)* km *(insert rating and description of Load Customer's transmission facilities)* commencing at *(insert station or junction)* and terminating at *(insert station or junction)*.

Approval Date:²

CNP: *(insert date)*

Load Customer: *(insert date)*

Ready for Service Date:³ *(insert date)*

Initial In-Service Date:⁴ *(insert date)*

Final In-Service Date:⁵ *(insert date)*

Execution Date:⁶ *(insert date)*

Documentation Required:⁷

Documentation describing the as-built electrical characteristics of the New or modified Existing Load Customer Facilities as documented in Schedule C Part 7.

² Cross-reference Section 10.

³ Cross-reference Section 10.

⁴ Cross-reference Section Appendix A.

⁵ Cross-reference Section 18 (a) & Appendix A.

⁶ Cross-reference Section 10.

⁷ Cross-reference Subsection 17(f).

Security Requirements:⁸

The Load Customer is required to provide CNP with security in the amount of *(insert words)* dollars (*\$Insert Numbers*) in the form of *(insert form of Security)*.

Security Date:⁹ *(insert date)*

Easement Required:¹⁰ Yes or No

Name of Third Party for Easement:¹¹

Easement Date:¹² *(insert date)*

Easement Lands:

Event of Default:¹³

Load Customer Notice Info:¹⁴

Attention:

Address:

Fax No.:

CNP Notice Info:¹⁵

Attention:

Address:

Fax No.:

Connection Agreement Signed:¹⁶

CA Execution Date: *(insert date)*

Load Customer's GST #:¹⁷ *(insert number)*

CNP's GST #:¹⁸ *(insert number)*

⁸ Cross-reference Section 24.

⁹ Cross-reference Section 24.

¹⁰ Cross-reference Section 25.

¹¹ Cross-reference Section 25.

¹² Cross-reference Section 25.

¹³ Cross-reference Section 27. to 29.

¹⁴ Cross-reference Section 37.

¹⁵ Cross-reference Section 37.

¹⁶ Cross-reference Section 30.

¹⁷ Cross-reference Section 3.

¹⁸ Cross-reference Section 3.

Schedule "E": Statement of Estimate and Actual Costs

CNP Project No.	CNP Project 1 –		CNP Project 2 –	
	Estimated	Actual	Estimated	Actual
I/S Date				
CNP Project Title				
Projection Description				
CNP Engineering & Review				
CNP Labour				
CNP Material				
CNP Equipment				
CNP Commissioning (CNP's facilities)				
CNP Project Management				
Inspection/Testing/Commissioning (Load Customer's facilities)				
Direct Overheads*				
Indirect Overheads*				
CNP Awarded Contracts for Line Tap and Station Work				
AFUDC				
Total K\$				

Grand Total \$ xxx.xx

The overheads may not be permitted or subject to adjustment.

Schedule "F": Economic Evaluation Procedure

1. Recoverable – Transformation Connection Facilities

Transformation Connection Facilities (uncontestable)	\$(insert number)
Transformation Connection Facilities (contestable)	\$(insert number)
Transformation Connection Facilities to be transferred to CNP (contestable)	\$(insert number)
Total Recoverable – Transformation Connection Facilities	\$(insert number)
Capital Contribution – Transformation Connection Facilities	\$(insert number)

2. Recoverable – Line Connection Facilities

Line Connection Facilities (uncontestable)	\$(insert number)
Connection Facilities (contestable)	\$(insert number)
Line Connection Facilities to be transferred to CNP (contestable)	\$(insert number)
Total Recoverable – Line Connection Facilities	\$(insert number)
Capital Contribution – Line Connection Facilities	\$(insert number)

3. Load Customer’s New Load Forecast used in the Economic Evaluation Procedure

Month \ Year	(insert year)	(insert year)	(insert year)	(insert year)	(insert year)	(insert year)
	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						

(Insert year and monthly peak load forecast in MW. Use multiple tables depending on the Economic Evaluation Period for the Load Customer used in the Economic Evaluation Procedure.)

4. Load Customer’s estimated Transformation Connection Rate Revenue used in the Economic Evaluation Procedure

Month \ Year	(insert year)	(insert year)	(insert year)	(insert year)	(insert year)	(insert year)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						

(Insert year and the monthly estimated Transformation Connection Rate Revenue based on the monthly peak load forecast in dollars. Use multiple tables depending on the Economic Evaluation Period for the Load Customer used in the Economic Evaluation Procedure. Delete if Load Customer will not pay Transformation Connection Tariffs.)

5. Load Customer’s estimated Line Connection Rate Revenue used in the Economic Evaluation Procedure

Month \ Year	(insert year)	(insert year)	(insert year)	(insert year)	(insert year)	(insert year)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						

(Insert year and the monthly estimated Line Connection Rate Revenue based on the monthly peak load forecast in dollars. Use multiple tables depending on the Economic Evaluation Period for the Load Customer used in the Economic Evaluation Procedure.)

6. System Upgrade – Non-Recoverable

Direction sought from the OEB regarding exceptional circumstances for network facilities work:

Yes _____
No _____

Direction obtained:

Yes _____
No _____

If such direction is not yet obtained, the Capital Contribution set out at section 2.4 of Schedule "D" does not include CNP Connection Work – Recoverable – Network Facilities, which subject to the direction of the OEB may be recoverable. The Parties acknowledge that if such direction is given the calculation contained in this Schedule "F" shall be amended to include such directed CNP Connection Work – Recoverable – Network Facilities costs and a revised Schedule "D" and "F" shall be delivered to the Load Customer, together with an invoice payable no later than 30 days from the date of such invoice or a revised payment schedule detailed in Schedule "D". The revised Schedules "D" and "F" shall form part of the Agreement as though it had been originally incorporated into this Agreement.

- 7. Load Customer Financial Risk Assessment¹⁹: (insert risk classification)**
Economic Evaluation Period²⁰: (insert xx) years
True-up dates²¹:

1st True-up – (insert month/day/year)
Nth True-up – (insert month/day/year)

¹⁹ Cross-reference section 19 and Appendix A.

²⁰ Cross-reference section 19 and Appendix A.

²¹ Cross-reference section 19 and Appendix A.

Schedule "G": CNP's Assets

For the purposes of this Schedule, the following terms shall have the following meanings:

"CNP's Property(ies)" means any lands owned by CNP in fee simple or where CNP now or hereafter has obtained easement rights.

"Load Customer's Property(ies)" means any lands owned by the Load Customer in fee simple or hereafter has obtained easement rights.

A. CNP will own all equipment and facilities installed by CNP as part of the CNP Connection Work in, under, on, over, along, upon, through and crossing CNP's Property(ies).

B. CNP will own the following equipment installed by CNP as part of the CNP Connection Work in, under, on, over, along, upon, through and crossing the Load Customer's Property(ies):

1) **Nil or List**

C. CNP will own the following equipment (contestable work documented in Appendix C Part 1) that will be constructed by the Load Customer and transferred to CNP including property or easement rights.

1) **Nil or List**

Schedule "H": Access Provisions

For the purpose of this Schedule "H", the following terms shall have the following meaning:

"Owner" means the owner of the facilities or the site;
"Company" means the entity requiring access to the Owner's Facilities; and

"Owner's Facilities" means the Load Customer's Facilities (including the site itself) in the case of the Load Customer and CNP's Facilities (including the site itself in the case of CNP).

1. When the Company's staff, its contractors, or agents work at the Owner's Facilities, the Owner's safety and environmental requirements shall be observed by such staff, contractors and agents. As a minimum, all Applicable Laws shall govern such work.

2. The Company's staff, its contractors, or agents working at the Owner's Facilities shall be qualified to work around electrical hazards.

3. The Company's staff, its contractors, or agents shall be entitled to access the Owner's Facilities, and the Owner will grant such access, to carry out work at all reasonable times on reasonable prior notice to the Owner, subject to the Owner's policies and procedures.

4. If the Company wishes to have access to the Owner's Facilities, the Company shall notify the Owner of the particular work to be undertaken and of the date and time when it proposes to access the relevant facilities, subject to the Owner's policies and procedures. The Owner shall not unreasonably withhold access to the Owner's Facilities.

5. At any time when the Company or its representatives are at the Owner's Facilities, the Company and its representatives shall:

- (a) use all reasonable precautions not to damage or interfere with the Owner's Facilities;
- (b) observe the Owner's requirements for reporting occupational health and safety, electrical safety, environmental requirements, technical requirements, and matters of industrial relations; and
- (c) neither ask questions, nor give any direction, instruction or advice to any person involved in operating or maintaining the Owner's Facilities, other than the person whom the Owner has designated for that purpose.

6. If the Company or its representatives cause any loss or damage when given access to the Owner's

Facilities, the Company or its representative shall promptly advise the Owner's controlling authority of the loss or damage.

7. The Company shall not, and shall ensure that its representatives do not, intentionally interfere with any of the Owner's Facilities. The Company shall use reasonable efforts not to cause loss or damage to the Owner's Facilities. If the Company interferes with any of the Owner's Facilities, it shall indemnify the Owner for reasonable costs and expenses incurred from any resulting loss or damage.

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

9. The Company shall pay the Owner its costs related to the Company's staff, contractors or agents accessing the Owner's Facilities, including, but not limited to, the cost of having an Owner representative accompany the Company's staff, contractors, or agents accessing the Owner's Facilities or sites in accordance with the invoices rendered by the Owner.

10. The Company shall indemnify and save harmless the Owner from and against all liabilities, damages, suits, claims, demands, costs, actions, proceedings, causes of action, losses, expenses and injury (including death) of any kind or nature whatsoever (the "causes of action") resulting from, caused by or in any manner connected with installed Company equipment on the Owner's Facilities or sites or Company's staff, its contractors, or agents accessing the Owner's Facilities including, but not limited to:

- (a) causes of actions arising out of health and safety violations or environmental spills;
- (b) costs incurred by the Owner having to pay other Load Customers due to interruptions caused by the Company;
- (c) damage to the Owner's equipment;
- (d) incremental costs and expenses incurred by the Owner related to the Company's equipment installations, removals, relocations, upgrades, or any other Company work.

except to the extent that the "causes of action" are caused by the negligence or willful misconduct of the Owner.

SCHEDULE "I": Form of Easement

INTEREST / ESTATE TRANSFERRED

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

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

In consideration of two dollars (\$2.00), the Transferee has erected, or is about to erect, certain Works (as more particularly described in paragraph l(a) hereof) in, through, under, over, across, along and upon the Lands.

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

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

2. The Transferor agrees that:

- (a) it will not interfere with any Works established on or in the Strip and shall not, without the Transferee's consent in writing, erect or cause to be erected or permit in, under or upon the Strip any obstruction or plant or permit any trees, bush, shrubs, plants or natural growth which does or may interfere with the Rights granted herein. The Transferor agrees it shall not, without the Transferee's consent in writing, change or permit the existing configuration, grade or elevation of the Strip to be changed and the Transferor further agrees that no excavation or opening or work which may disturb or interfere with the existing surface of the Strip shall be done or made unless consent therefore in writing has been obtained from Transferee, provided however, that the Transferor shall not be required to obtain such permission in case of emergency. Notwithstanding the foregoing, in cases where in the reasonable discretion of the Transferee, there is no danger or likelihood of danger to the Works of the Transferee or to any persons or property and the safe or serviceable operation of this easement by the Transferee is not interfered with, the Transferor may at its expense and with the prior written approval of the Transferee, construct and maintain roads, lanes, walks, drains, sewers, water pipes, oil and gas pipelines, fences (not to exceed 2 metres in height) and service cables on or under the Strip (the "Installation") or any portion thereof, provided that prior to commencing such Installation, the Transferor shall give to the Transferee thirty (30) days notice in writing thereof to enable the Transferee to have a representative present to inspect the proposed Installation during the performance of such work, and provided further that Transferor comply with all instructions given by such representative and that all such work shall be done to the reasonable satisfaction of such representative. In the event of any unauthorized interference aforesaid or contravention of this paragraph, or if any authorized interference, obstruction or Installation is not maintained in accordance with the Transferee's instructions or in the Transferee's reasonable opinion, may subsequently interfere with the Rights granted herein, the Transferee may at the Transferor's expense, forthwith remove, relocate, clear or correct the offending interference, obstruction, Installation or contravention complained of from the Strip, without being liable for any damages caused thereby.
 - (b) notwithstanding any rule of law or equity, the Works installed by the Transferee shall at all times remain the property of the Transferee, notwithstanding that such Works are or may become annexed or affixed to the Strip and shall at anytime and from time to time be removable in whole or in part by Transferee.
 - (c) no other easement or permission will be transferred or granted and no encumbrances will be created over or in respect to the Strip, prior to the registration of a Transfer of this grant of Rights.
 - (d) the Transferor will execute such further assurances of the Rights in respect of this grant of easement as may be requisite.
 - (e) the Rights hereby granted:
 - (i) shall be of the same force and effect to all intents and purposes as a covenant running with the Strip.
 - (ii) is declared hereby to be appurtenant to and for the benefit of the Works and undertaking of the Transferee described in paragraph 1. (a).
3. The Transferee covenants and agrees to obtain at its sole cost and expense all necessary postponements and subordinations (in registrable form) from all current and future prior encumbrancers, postponing their respective rights, title and interests to the Transfer of Easement herein so as to place such Rights and easement in first priority on title to the Lands.
4. There are no representations, covenants, agreements, warranties and conditions in any way relating to the subject matter of this grant of Rights whether expressed or implied, collateral or otherwise except those set forth herein.
5. No waiver of a breach or any of the covenants of this grant of Rights shall be construed to be a waiver of any succeeding breach of the same or any other covenant.
6. The burden and benefit of this transfer of Rights shall run with the Strip and the Works and undertaking of the Transferee and shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

CHARGEES

THE CHARGEES of land described in a Charge/Mortgage of Land dated _____
Between _____ and _____
and registered as Instrument Number _____ on _____ does
hereby consent to this Easement and releases and discharges the rights and easement herein from the said Charge/Mortgage of
Land.

Name	Signature(s)	Date of Signatures
		Y M D
	Per:	

I/We have authority to bind the Corporation

att: Schedule "A"

CCRA Template

For

Connection of a Generator to CNP's Transmission System

March 19, 2008

CNP advises that this document reflects the changes made in the Transmission System Code posted by the OEB on July 25, 2005; however, the provisions contained herein are subject to change and may be revised to reflect any applicable decision or order rendered by the Ontario Energy Board.

Connection of a Generator to CNP's Transmission System

THIS CONNECTION AND COST RECOVERY AGREEMENT made in duplicate as of the _____ day of _____, 200__ between **CANADIAN NIAGARA POWER INC. ("CNP")** and (*Insert Name of Generator*) ("the Generator") (individually referred to as a "Party" and collectively referred to as the "Parties");

WHEREAS CNP is agreeable to performing the CNP Connection Work required to permit the Connection on the following terms and conditions set out herein; and

WHEREAS the Generator is agreeable to performing the Generator Connection Work required to permit the Connection and is agreeable to the payment for work performed by CNP in accordance with the terms and conditions set out herein;

NOW THEREFORE in consideration of the mutual covenants, agreements, terms and conditions herein and other good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties agree as follows:

1. Each of the Parties hereto confirms the truth and accuracy of the recitals. The Parties hereto agree that the recitals and the schedules attached to this Agreement form part of this Agreement.

2. Subject to Sections 27, 28 and 44 and the termination rights in this Agreement, this Agreement shall be in full force and effect and binding on the parties as of the date first written above (the "Effective Date") and shall expire on the date the Transmitter receives payment for the final invoice from the Generator or the Generator receives a credit memorandum from the Transmitter in accordance with Section 18 (the "Term").

Representations and Warranties

3. Each Party represents and warrants to the other that:

- (a) it has all the necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution of this Agreement and compliance with and performance of the terms, conditions, and covenants contemplated herein have been duly authorized by all necessary corporate action on its part; and
- (c) it is registered for purposes of Part IX of the Excise Tax Act (Canada) and the GST registration number of each party is set out in Schedule "D".

CNP Connection Work

4. CNP shall perform the CNP Connection Work in a manner consistent with Good Utility Practice, in compliance with all Applicable Laws, including, but not limited to the Transmission System Code, and using duly qualified and experienced people.

5. CNP's responsibilities under this Agreement with respect to the Connection are limited to the performance of the CNP Connection Work.

6. Notwithstanding Section 5 above, CNP shall use reasonable efforts to obtain warranties for the Connection Materials that are transferable to the Generator in the event that the Generator takes title to any of the Connection Materials in accordance with the terms of this Agreement.

7. Except as provided herein, CNP makes no warranties, express or implied, and CNP disclaims any warranty implied by law, including implied warranties of merchantability or fitness for a particular purpose and implied warranties of custom or usage with respect to the CNP Connection Work.

8. CNP shall comply with the terms and conditions of access attached hereto as Schedule "G" and Section 27.13 of the Connection Agreement (which Section is incorporated by reference into and forms part of this Agreement) when accessing the New Generator Facilities and/or Existing Generator Facilities. In the event that Section 27.13 of the Connection Agreement or the provisions of Schedule "G" are in conflict then Section 27.13 of the Connection Agreement shall prevail.

9. The CNP Connection Work and CNP's rights and requirements hereunder, including, but not limited to:

- (i) CNP's specifications of the protection equipment on the Generator's side of the Connection Point;
- (ii) CNP's acceptance of power system components on the Generator's side of the Connection Point; and
- (iii) CNP's acceptance of the technical specifications (including electrical drawings) for the New Generator Facilities;

are solely for the protection of CNP's transmission system and that the Generator is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Existing and/or New Generator Facilities where the facility is owned by the Generator.

10.1 CNP shall use reasonable efforts to complete the CNP Connection Work by the date specified as the Ready for Service Date in Schedule "D" provided that:

- (a) the Generator executed and returned this Agreement to CNP by no later than the date specified as the Execution Date in Schedule "D";
- (b) the Generator has completed the Generator Connection Work in accordance with the terms and conditions of this Agreement;
- (c) the Generator is in compliance with its obligations under this Agreement;
- (d) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of CNP, acting reasonably;
- (e) there are no delays resulting from CNP not being able to obtain outages from the Independent Electricity System Operator (IESO) required for the CNP Connection Work;
- (f) CNP does not have to use its employees, agents and contractors performing the CNP Connection Work elsewhere on its transmission system or distribution system due to an Emergency (as that term is defined in the Transmission System Code) or an event of force majeure;
- (g) CNP is able to obtain the materials and labour required to perform the CNP Connection Work with the expenditure of Premium Costs where required;
- (h) where required, CNP receives leave to construct pursuant to Section 92 of the Ontario Energy Board Act, 1998, as amended (the "OEB Act") by no later than the date specified as the CNP Approval Date in Schedule "D" of this Agreement and where necessary for CNP to perform and complete the CNP Connection Work, the Generator receives leave to construct pursuant to Section 92 of the OEB Act by no later than the date specified as the Generator Approval Date in Schedule "D" of this Agreement; and
- (i) where required, CNP receives the easement described in Section 25 hereof by the Easement Date specified in Schedule "D".

The Ready for Service Date may be materially affected by those circumstances set out in Schedule "D". The Generator acknowledges and agrees the Ready for Service Date may be materially affected by difficulties with obtaining and the ability to obtain all necessary land rights and/or environmental approvals, permits or certificates.

10.2 Any change in the scope of the Project whether they are initiated by the Generator or are Non-Generator Initiated Scope Changes, may result in a change to the costs estimated in Schedule "D" and "E" of this Agreement and the Ready for Service Date. All Generator initiated scope changes to this Project must be in writing to CNP.

CNP will advise the Generator of any cost and schedule impacts of any Generator initiated scope changes. CNP will not implement any Generator initiated scope changes until written approval has been received from the Generator accepting the new pricing and schedule impact.

CNP will implement all Non-Generator Initiated Scope Changes until the estimate of the Actual Cost of all the Non-Generator Initiated Scope Changes made by CNP reaches 10% of the total sum of the estimates of the Actual Cost of:

- (i) CNP Connection Work – Recoverable – New Generator Facilities;
- (ii) CNP Connection Work – Recoverable – Connection Facilities; and
- (iii) CNP Connection Work – Recoverable – Network Facilities.

At that point, no further Non-Generator Initiated Scope Changes may be made by CNP without the written consent of the Generator accepting new pricing and schedule impact. If the Generator does not accept the new pricing and schedule impact, CNP will not be responsible for any delay in the Ready for Service Date as consequence thereof subject to the Code section 12.1.3.

11. Upon completion of the CNP Connection Work:

- (a) CNP shall own, operate and maintain all equipment referred to in Schedule "F".
- (b) other than equipment referred to in paragraph 11(a) above, all other equipment provided by CNP as part of the CNP Connection Work or provided by the Generator as part of the Generator Connection Work will be owned, operated and maintained by the Generator.

The Generator acknowledges that:

- (i) ownership and title to the equipment referred to in paragraph 11(a) above shall throughout the Term and thereafter remain vested in CNP and the Generator shall have no right of property therein; and
- (ii) that any portion of the equipment referred to in paragraph 11(a) above that is located on the Generator's Property shall be subject to an easement substantially in the form set out in Schedule "H" and shall remain the property of CNP and shall not be or become fixtures and/or part of the Generator's property;

Generator's Obligations - Connection

12. Except as specifically provided herein, the Generator is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws for the construction,

connection and operation of the Generator Connection Work and the New Generator Facilities.

13. In addition to its obligations under Section 12 above, the Generator is responsible for meeting the requirements of the IESO or its successor, with respect to approving the Connection and operation of the New and/or Existing Generator Facilities. The aforementioned requirements, include, but are not limited to, the Generator entering into any agreements required by the IESO in order to permit the Connection and the Generator complying with the *Market Rules*.

14. The Generator shall perform the Generator Connection Work at its own expense and in a manner consistent with Good Utility Practice, in compliance with all Applicable Laws, including, but not limited to the Transmission System Code, and using duly qualified and experienced people.

15. The Generator shall comply with the terms and conditions of access attached hereto as Schedule "G" and Section 27.13 of the Connection Agreement (which section is incorporated by reference into and forms part of this Agreement) when accessing CNP's Facilities or site. In the event that Section 27.13 of the Connection Agreement or the provisions of Schedule "G" are in conflict then Section 27.13 of the Connection Agreement shall prevail.

16. The Generator acknowledges and agrees that:

- (a) CNP is not responsible for the provision of power system components on the New and/or Existing Generator Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment.
- (b) it shall, in accordance with all applicable laws, codes and standards, including but not limited to, the Transmission System Code, provide, operate and maintain all power system components on the Generator's side of the Connection Point at the expense of the Generator, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment;
- (c) all of the power system components referred to in paragraph 16(b) above are subject to the acceptance of CNP with regard to CNP's requirements to permit Connection; and
- (d) it shall provide technical specifications for the New Generator Facilities as required for CNP's review. Until CNP has accepted the technical specifications (including electrical drawings) for the New Generator Facilities and accepted the Generator's verification of those portions of the Generator's electrical facilities affecting CNP's transmission system, in accordance with any of its safety and reliability obligations under the Code, CNP shall not be bound to connect the Generator.

17. Upon completion of the CNP Connection Work, the Generator acknowledges and agrees that:

- (a) it shall continue to provide separate telecommunication circuits for the protection, generation rejection, metering and SCADA requirements and will do so for as long as the New and/or Existing Generator Facilities remain connected to CNP's transmission system;
- (b) ownership and title to the equipment referred to in Schedule "F" shall throughout the Term and thereafter remain vested in CNP and the Generator shall have no right of property therein;
- (c) where CNP has equipment for automatic reclosing of circuit breakers after an interruption for the purpose of improving the continuity of the connection, it shall be the obligation of the Generator to provide adequate protective equipment for the New and/or Existing Generator Facilities that might be adversely affected by the operation of such reclosing equipment;
- (d) it shall provide such equipment as may be required from time to time by CNP for the prompt disconnection of any of the Generator's apparatus that might negatively affect the proper functioning of CNP's reclosing equipment
- (e) unless specified otherwise in Schedule "D" or in the Connection Agreement, the New and/or Existing Generator Facilities' equipment shall not be allowed to automatically reclose after an interruption unless the Generator has specific prior approval from CNP;
- (f) it shall provide CNP with as-built copies of the documentation specified in Schedule "D", acceptable to CNP, by no later than 60 days after the Final In-Service Date of the New Generator Facilities and the Generator shall ensure that CNP may retain this information for CNP's ongoing planning, system design, and operating review; and
- (g) it shall maintain and revise the documentation referred to in paragraph 17(f) above to reflect changes to the New and/or Existing Generator Facilities and provide copies to CNP on demand or as specified in the Connection Agreement.

Cost of CNP Connection Work

18. The Generator shall pay the Actual Cost of the CNP Connection Work – Recoverable – New Generator Facilities, CNP Connection Work – Recoverable – Connection Facilities and CNP Connection Work – Recoverable – Network Facilities (provided a direction is obtained from the OEB) which is estimated to be the amount specified in Schedule "D" (plus applicable taxes) in the manner of and time of payment specified in Schedule "D".

Within 120 days after the Final In-Service Date, CNP shall provide the Generator with an invoice or credit memorandum which shall indicate whether the amounts

already paid by the Generator exceeds or is less than the Actual Cost of the CNP Connection Work – Recoverable. Any difference between the Actual Cost (plus applicable taxes) and the amount already paid by the Generator shall be paid within 30 days after the rendering of the said invoice or credit memorandum, (i) by CNP to the Generator, if an amount already paid by the Generator exceeds the Actual Cost (plus applicable taxes), or (ii) by the Generator to CNP, if the amount already paid by the Generator is less than the Actual Cost (plus applicable taxes).

19. In addition to the final invoice or credit memorandum to be provided by CNP in accordance with Section 18 above, CNP shall also provide the Generator with a Statement of Actual Costs in the form attached hereto as Schedule "E" and said new Schedule "E" shall be made a part hereof as though it had been originally incorporated into the Agreement.

OEB Review

20.1 Nothing contained within this Agreement shall preclude, prevent, prohibit or operate as a waiver of any of the parties rights to:

- (i) make application to the OEB;
- (ii) participate in any hearings before the OEB; or
- (iii) make any appeals to a court of competent jurisdiction regarding any decision by the OEB;

with respect to:

- (A) the cost and the allocation of the costs hereunder,
- (B) the cost and the allocation of costs of the CNP Connection Work – Recoverable and Non-Recoverable notwithstanding CNP's decision not to allocate or to allocate any part of the costs of this work to the Generator at this time; or
- (C) any other costs and the allocation of any other costs associated with, related to, or arising out of the connection of the Project to CNP' transmission system or CNP' policies in respect of connections generally.

20.2 CNP shall refund to the Generator or the Generator shall pay to CNP any portion of the Actual Costs of CNP Connection Work – Recoverable or the Actual Costs of CNP Connection Work – Non Recoverable, as the case may be, which the OEB subsequently determines should have been paid by the Generator.

Project Timelines

21.1 Notwithstanding the generality of Section 32 below, the Generator hereby (a) forever releases and discharges CNP from any and all claims, demands, actions and causes of action, including for any income or profits lost or costs incurred by the Generator which the Generator may now have or hereafter may have associated with and (b) indemnifies and shall hold harmless CNP in respect of any and all claims, demands, actions and causes of action, including for any income

or profits lost or costs incurred by a third party which the third party may now have or hereafter may have in respect of the Project and, associated with or arising out of CNP not proceeding with the CNP Connection Work within the timelines referenced in the System Impact Assessment dated [NTD: Insert date], and in written communications made to CNP by the IESO or not proceeding with the CNP Connection Work at all, subject to the Code section 12.1.3.

21.2 As the Project is schedule-driven and as the estimated costs in Section 18 of this agreement is based upon normal timelines for delivery of material and performance of work, in addition to the amounts that the Generator is required to pay pursuant to Section 18 above, the Generator agrees to pay CNP's Premium Costs if the Generator causes or contributes to any delays, including, but not limited to, the Generator failing to execute this Agreement by the Execution Date specified in Schedule "D" of this agreement.

CNP will obtain the Generator's approval prior to CNP authorizing the purchase of materials or the performance of work that will attract Premium Costs.

The Generator acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and CNP will not be liable to the Generator as a result therefor. The Generator shall pay any prior-approved Premium Costs within 30 days after the date of CNP's invoice therefor.

22.1(a) If the Connection is cancelled, or this Agreement is terminated for any reason whatsoever other than breach of this Agreement by CNP, the Generator shall pay CNP's Actual Costs associated with the CNP Connection Work and arising from activities undertaken by CNP in respect of the CNP Connection Work on and prior to the date that the Connection Work is cancelled or this Agreement is terminated and arising from activities undertaken by CNP in respect of the cancellation of the Connection Work, including the preliminary design costs and all costs associated with the winding up of the CNP Connection Work, including, but not limited to, purchase order cancellation charges and penalties, equipment purchase, storage costs, facility removal expenses and any environmental remediation costs. In particular where the Connection Materials have been installed by CNP the Generator shall be liable for CNP's Actual Costs and shall also be liable for any costs associated with the installation and the removal of the Connection Materials that have been installed by CNP including costs to restore the site to the original or acceptable configuration at CNP's discretion. Within 60 days after the completion of the restoration of the site, CNP shall provide the Generator with a final invoice or credit memorandum which shall indicate whether the amounts already paid by the Generator exceed or are less than the Actual Costs required above.

(b) If the Generator wishes to defer the Connection, then the Generator shall give notice to CNP in writing and the Parties will negotiate the terms of

such deferral. Notwithstanding, any negotiation undertaken by the Parties, the Generator shall indemnify and save CNP harmless in respect of any and all Actual Costs incurred by CNP associated with the CNP Connection Work and arising from activities undertaken by CNP in respect of the CNP Connection work on or prior to the date the Generator notifies CNP in writing of the Generator's wish to defer the Connection.

22.2 The Generator shall pay CNP's Actual Costs which become payable under Section 22.1 above within 30 calendar days after the date of CNP's invoice therefor.

Assignment

23. In the event that the Generator sells, leases or otherwise transfers or disposes of all or part of the New and/or Existing Generator Facilities to a third party during the Term of this Agreement, the Generator shall cause the purchaser, lessee or other third party to whom the New and/or Existing Generator Facilities are transferred or disposed to enter into an assumption agreement with CNP on terms and conditions acceptable to CNP to assume all of the Generator's obligations in this Agreement; and notwithstanding such assumption agreement, the Generator shall remain obligated to pay the amounts thereafter payable pursuant to Sections 18, 21, 22.1, 22.2, 27 and 46 hereof by the purchaser, lessee or other third party in the case of a transfer or disposition.

Security Requirements

24. The Generator, whenever required by CNP to do so, shall furnish security satisfactory to CNP for the performance by the Generator of its obligations for costs documented in Schedule "D" under this Agreement. The security or the purpose for which it is provided may be an irrevocable letter of credit given by a bank chartered in Canada, a surety bond given by a surety company, negotiable bonds or a cash deposit. An alternate form of security, if satisfactory to CNP, would be an irrevocable corporate guarantee from a Generator's affiliated company. The security provided shall not exceed the remaining amounts owing for costs plus CNP Connection Work – Non-Recoverable – Network Facilities documented in Schedule "D" under this Agreement.

By no later than the date specified in Schedule "D" as the Security Date, the Generator shall provide CNP with security as specified in Schedule "D".

The Generator, if not in default under this Agreement shall be entitled to:

- (a) the interest payable on negotiable bonds held as security or
- (b) the interest on returned cash deposits at the following rates:

- i. for the period between the date on which the security deposit was provided by the Generator and the date on which the security deposit is required to be returned by CNP, at the average over the period of the prime lending rate set by the Bank of Canada less two percent; and
- ii. for the period after the date on which the security deposit is required to be returned by CNP, at the prime lending rate set by the Bank of Canada plus two percent.

Where the security deposit is in the form of cash, CNP shall return the security deposit to the Generator, together with interest less the amount of any Capital Contribution owed by the Generator, once the Generator's facilities are connected to CNP's transmission facilities. Where the security deposit is in a form other than cash, CNP shall return the security deposit to the Connection Applicant once the Connection Applicant's facilities are connected to CNP's transmission facilities and any Actual Costs have been paid.

Where the Generator has furnished any of the forms of security hereinbefore specified, the Generator if not in default as aforesaid shall have the right at any time to substitute for the security any other of the forms of security acceptable to CNP. If at any time the security furnished to CNP becomes unsatisfactory to CNP, the Generator upon request of CNP shall promptly furnish security, within five (5) business days of receipt of notice that is satisfactory to CNP. Security held in regards to this Agreement shall be returned to the Generator once obligations are fulfilled subject to the Code sections 6.3.5(b), 6.3.9, 6.3.10, 6.3.11(c).

Where an affiliate guarantee has been furnished as security, if the Generator or an affiliate of the Generator, experiences a "material change in financial risk" as defined by the *Ontario Securities Act* (R.S.O. 1990) as amended, the Generator must advise CNP within five (5) business days of the change, and CNP shall have the right to require security in a different form. The Connection Applicant will have five (5) business days to comply with CNP's request.

CNP shall be entitled to keep, draw down, redeem etc., as the case may be, all or a part of a security deposit that has been given in relation to the construction or modification of connection or network facilities where the Generator subsequently fails to connect its facilities to CNP's new or modified facilities.

Upon or any time after the occurrence of an Event of Default and the expiry of the rectification period set forth in Sections 27, CNP may do any one or more of the following:

- (i) exercise its rights and remedies as a secured Party with respect to all security, including any such rights and remedies under Applicable Laws then in effect;

- (ii) exercise its rights of set-off against any and all property of the Generator in the possession of CNP or its agent;
- (iii) draw on any outstanding letter of credit issued for its benefit; and
- (iv) liquidate all security then held by or for the benefit of CNP free from any claim or right of any nature whatsoever of the Generator, including any equity or right of purchase or redemption by the Generator.

CNP shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Generator's obligations under this Agreement (the Generator remaining liable for amounts owing to CNP after such application), subject to CNP's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

Easement

25. If specified in Schedule "D" that an easement is required, the Generator shall or the Generator shall cause the third party specified in Schedule "D" to grant an easement to CNP substantially in the form of the easement attached hereto as Schedule "H" or a form of easement agreeable to the Parties for the property described as the Easement Lands in Schedule "D" by no later than the date specified as the Easement Date in Schedule "D" (hereinafter referred to as the "Easement") with good and marketable title thereto, free of all encumbrances, first in priority except as noted herein, and in registerable form, in consideration of the sum of \$2.00.

The above Easement shall be for the Easement Term specified in Schedule "H" which will commence on the Easement Date provided that in the event that CNP removes the asset that is the subject of the Easement during the Easement Term, CNP shall surrender the Easement at that time. Subject to the foregoing, the Easement shall survive the termination of this Agreement.

Events of Default

26. Each of the following events shall constitute an "Event of Default" under this Agreement:

- (a) failure by the Generator to pay any amount due under this Agreement within the time stipulated for payment;
- (b) breach by the Generator or CNP of any Material term, condition or covenant of this Agreement;
- (c) if a Party takes any action in respect of liquidation or winding up, or makes an assignment for the benefit of creditors, or makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable statute of any applicable jurisdiction, or if a custodian or receiver or receiver and manager or any other official with similar power is

- appointed for the said Party, or a substantial portion of said party's properties and assets and such appointment is not dismissed within 10 calendar days, or if a bankruptcy or similar petition with respect to the bankruptcy, or other enforced liquidation of said Party is presented or filed against it unless same is dismissed or discharged within 30 days and during which grace period execution thereunder is effectively stayed.
- (d) any other Events of Default specified in Schedule "D".

For greater certainty, a Dispute shall not be considered an Event of Default under this Agreement. However, a Party's failure to comply within a reasonable period of time, with terms of a determination of such a Dispute by the OEB or with a decision of a court of competent jurisdiction with respect to determination made by the OEB shall be considered an Event of Default under the Agreement.

27. In the Event of Default by the Generator hereunder (other than the Event of Default specified in Subsection 26(c) of this Agreement, for which no notice is required or period of rectification is to be given by CNP and in respect of which CNP may immediately terminate this Agreement), CNP shall give the Generator written notice of the Event of Default and allow the Generator 30 days from the date of receipt of the notice to rectify the Event of Default, at the Generator's sole expense. If such Event of Default is not cured to CNP's reasonable satisfaction within the 30-day period, CNP may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to CNP under the terms of this Agreement, at common law or in equity: deem this Agreement to be terminated and, after giving the Generator at least 10 days' prior written notice thereof, CNP may; (i) in accordance with Section 24, retain, and if applicable, enforce its interests in respect of any security provided by the Generator and as described in Schedule "D" hereto and (ii) recover, as liquidated damages and not as a penalty, the amounts payable by the Generator pursuant to Sections 18, 21, 22.1, 22.2 and 46 hereof.

28. In the Event of Default by CNP hereunder (other than the Event of Default specified in Subsection 26(c) of this Agreement, for which no notice is required to be given by the Generator or period of rectification and in respect of which the Generator may immediately terminate this Agreement), the Generator shall give CNP written notice of the Event of Default and shall allow CNP 30 days from the date of receipt of the notice to rectify the Event of Default at CNP's sole expense. If such Event of Default is not cured to the Generator's reasonable satisfaction within the 30-day period, the Generator may pursue any remedies available to it at law or in equity, including at its option the termination of this Agreement.

29. All rights and remedies of CNP and the Generator provided herein are not intended to be exclusive but rather are cumulative and are in addition

to any other right or remedy otherwise available to CNP and the Generator respectively at law or in equity, and any one or more of CNP's and the Generator's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy CNP or the Generator may have or may have exercised. The parties further agree that where any of the remedies provided for and elected by the non-defaulting Party are found to be unenforceable, the non-defaulting Party shall not be precluded from exercising any other right or remedy available to it at law or in equity.

Connection Agreement and Transmission System Code

30. The Connection Agreement as set forth in the Transmission System Code requires the Generator to execute a Connection Agreement with CNP prior to commissioning and Initial In-Service of the New and/or modified Existing Generator facilities as specified in Schedule "D" as the CA Execution Date.

Liability and Force Majeure

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

In any event, the total liability of CNP to the Generator for any and all claims for damages under this Agreement whether it arises by statute, contract, tort or otherwise, will not exceed the Actual Cost recoverable from the Generator of the CNP Connection Work.

This provision shall survive the termination of this Agreement.

32. Neither Party shall be considered to be in default in the performance of its obligations under this Agreement, except obligations to make payments with respect to amounts already accrued, to the extent that performance of any such obligation is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of, and not a result of the fault or negligence of, the affected Party ("Force Majeure") and includes, but is not limited to, strikes, lockouts and any other labour disturbances and manufacturer's delays for equipment or materials required for the CNP Connection Work. The non-affected Party shall be relieved of any obligation hereunder during the continuation of the event of Force Majeure.

If a Party is prevented or delayed in the performance of any such obligation by Force Majeure, such Party shall immediately provide notice to the other Party of the circumstances preventing or delaying performance and the expected duration thereof. Such notice shall be

confirmed in writing as soon as reasonably possible. The Party so affected by the Force Majeure shall endeavour to remove the obstacles which prevent performance and shall resume performance of its obligations as soon as reasonably practicable, except that there shall be no obligation on the Party so affected by the Force Majeure where the event of Force Majeure is a strike, lockout or other labour disturbance.

Mutual Obligations

33. Within 30 days of the date hereof or another mutually agreed date, the Parties agree to establish a project management and communications protocol (the "Protocol") to be used by the Parties during the Term of this Agreement. The Protocol will address such matters as:

- (a) cancellation of outages;
- (b) proposed changes to the scope of work;
- (c) the contacts for day to day issues;
- (d) the manner in which information requests are to be made; and
- (e) how any other issues that may arise with respect to the Connection, including, but not limited to, the CNP Connection Work and the Generator Connection Work, are to be communicated to the other Party.

34. Each Party agrees that it shall at all times act reasonably in the performance of its obligations and the exercise of its rights under this Agreement.

General

35. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement. Schedules "A", "B", "C" "D", "E", "F", "G" and "H" attached hereto and any Exhibits referenced in those aforementioned Schedules are to be read with and form part of this Agreement.

36. The failure of any Party hereto to enforce at any time any of the provisions of this Agreement or to exercise any right or option which is herein provided shall in no way be construed to be a waiver of such provision or any other provision nor in any way affect the validity of this Agreement or any part hereof or the right of any Party to enforce thereafter each and every provision and to exercise any right or option. The waiver of any breach of this Agreement shall not be held to be a waiver of any other or subsequent breach. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the Party against whom such waiver is sought to be enforced which expressly waives a right or rights or an option or options under this Agreement.

37. Any written notice required by this Agreement shall be deemed properly given only if either mailed or delivered to the person at the address specified in

Schedule "D" on behalf of CNP, and to the person at the address specified in Schedule "D" on behalf of the Generator.

A faxed notice will be deemed to be received on the date of the fax if received before 4 p.m. or on the next Business Day if received after 4 p.m. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either Party by written notice.

38. Each Party acknowledges and agrees that it has participated in the drafting of this Agreement and that no portion of this Agreement shall be interpreted less favourably to either Party because that Party or its counsel was primarily responsible for the drafting of that portion.

39. No amendment, modification or supplement to this Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of this Agreement.

40.1 Confidential Information shall at all times be treated as confidential, and shall be prepared, given, and used in good faith. The Parties shall use the Confidential Information only for the requirements of the work being performed including, but not limited to, planning or operating the Connection facilities or CNP's transmission system, and not for any other purpose, and shall not disclose it to any third party, directly or indirectly, without the prior written consent of the Party that provided the Confidential Information, and in such events the third party shall agree to use the Confidential Information solely for the requirements of the work as specified. Confidential Information shall not be used for any commercial purpose of any kind whatsoever other than contemplated herein.

40.2 "Confidential Information" does not include:

- (a) information that is in the public domain, provided that specific items of information shall not be considered to be in the public domain merely because more general information is in the public domain and provided that the information is not in the public domain as a result of a breach of confidence by the Party seeking to disclose the information or a person to whom it has disclosed the information;
- (b) information that is, at the time of the disclosure, in the possession of the recipient, provided that it was lawfully obtained either from the other Party or from sources, who did not acquire it directly or indirectly from the other Party under an obligation of confidence; and
- (c) information that must be disclosed in compliance with a judicial or governmental order or other legal process.

40.3 Each Party shall keep Confidential Information confidential except:

- (a) where required under the Transmission System Code, the Market Rules, the IESO Market Manuals, or a Party's License;
- (b) to the extent required by applicable law;
- (c) where required by order of a government, government agency or regulatory body or agency having jurisdiction;
- (d) if required in connection with legal proceedings, arbitration or any expert determination relating to the subject matter of the Transmission System Code, or for the purpose of advising CNP in relation thereto;
- (e) where permitted by any applicable connection agreement;
- (f) as may be required in an emergency or to prevent an emergency; or
- (g) as may be required to enable a Party to fulfill its obligation to any reliability organization.

40.4 The Parties shall make any information required to be provided or communicated under the terms of this Agreement available to each other in a timely and co-operative manner.

40.5 The confidentiality provisions of this section 40 will continue and survive for a period of 5 years after the termination of this Agreement.

41. Unless otherwise specified, references in this Agreement to Sections or Schedules are to sections, articles and Schedules of this Agreement. Any reference in this Agreement to any statute, regulation, any OEB approved documents or any section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation, document or section as amended, restated or re-enacted from time to time. The insertion of headings is for convenience only, and shall not affect the interpretation of this Agreement. Unless the context requires otherwise, words importing the singular include the plural and vice versa.

42. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein. Prior to the existence of OEB-Approved Connection Procedures either party may refer a Dispute to the OEB for a determination. Once there are OEB-Approved Connection Procedures, Disputes shall be dealt with in accordance with the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

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

44. Sections 17, 18, 19, 20.1, 20.2, 21.1, 21.2, 22.1, 22.2, 24 and 40.5 shall survive the termination of this Agreement.

45. In the event the Transmission System Code is amended such that any provision of this Agreement is rendered illegal or unenforceable or a Party is materially and adversely affected in respect of fulfilling its obligations under this Agreement, the Generator and CNP agree to negotiate in good faith such changes to this Agreement to implement such amendments to the Transmission System Code.

46. Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including, but not limited to amounts that are not invoiced but required under the terms of this Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.6 percent per year) for the time they remain unpaid.

47. This Agreement is subject to the Transmission System Code and if any provision of this Agreement is inconsistent with the Transmission System Code the said provision shall be deemed to be amended so as to comply with the Transmission System Code. In the event of an inconsistency between this Agreement and a Connection Agreement between the parties, associated with the new customer connection facilities, on the same subject matter the Connection Agreement governs. This Agreement is also subject to any changes where the Board has amended the CNP Customer Connection Procedures.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper officers, as of the day and year first written above.

CANADIAN NIAGARA POWER INC.

Name:
Title:

Name:
Title:

We have the authority to bind the Corporation.

(Insert: CORPORATE NAME OF THE GENERATOR)

Name:
Title:

Name:
Title:

I/We have the authority to bind the Corporation.

Schedule "A": Definitions

In the Agreement, unless the context otherwise requires, terms which appear therein without definition, shall have the meanings respectively ascribed thereto in the *Transmission System Code* and unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Actual Cost" means CNP's charge for engineering, labour, material, equipment, administration and direct and indirect overheads and interest thereon.

"Agreement" means the Connection Cost Recovery Agreement, Schedules "A" to "H" attached thereto.

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

"Approval Date" means the purpose of Subsection 10(h) of this Agreement, the date specified in Schedule "D".

"CNP Connection Work" means the work to be performed by CNP, which is described in Schedule "B", attached to this Agreement and which is comprised of Recoverable and Non-Recoverable work.

"CNP Connection Work – Non-Recoverable" means non-recoverable work required for the Connection associated with Network Facilities where the costs will not be allocated to the Generator as such Network Facilities are defined in the Transmission System Code.

"CNP Connection Work - Recoverable" means recoverable work required for the Connection to cover the cost of work on New Generator Facilities and Line or Transformation Connection Facilities required to meet the Generator's needs and/or in exceptional circumstances Network Facilities (provided a direction is obtained from the OEB) where the costs will be allocated to the Generator as such Line and Transformation Connection and Network Facilities are defined in the Transmission System Code.

"CNP Connection Work – Recoverable – New Generator Facilities" means recoverable work required for the Connection including design/drawing review, commissioning, inspection and testing associated with the New Generator Facilities.

"CNP Connection Work – Recoverable – Connection Facilities" means recoverable work required for the Connection associated with Line and Transformation Connection Facilities as such Transformation and Line

Connection Facilities are defined in the Transmission System Code.

"CNP Connection Work – Recoverable – Network Facilities" means recoverable work required for the Connection associated with Network Facilities in exceptional circumstances (provided a direction is obtained from the OEB) as such Network Facilities are defined in the Transmission System Code.

"CNP's Facilities" means collectively the existing CNP's Facilities - LV and the CNP's Facilities - HV.

"CNP's Facilities - HV" means the facilities owned by CNP specified in Schedule "D" that convey electricity at voltages of more than 50 kilovolts.

"CNP's Facilities - LV" means the facilities owned by CNP specified in Schedule "D" that convey electricity at voltages of 50 kilovolts or less.

"CNP's Property(ies)" means any lands owned by CNP in fee simple or where CNP now or hereafter has obtained easement rights.

"Confidential Information" means:

- (i) all information disclosed by a Party to the other Party under this Agreement or in negotiating this Agreement which by its nature is confidential to the Party disclosing the information; and
- (ii) all interpretative reports or other data generated by a Party that are based in whole or in part on information that is made Confidential Information by section 40.

"Connection" means the connection of the New and/or Existing Generator Facilities to CNP's transmission system at the Connection Point.

"Connection Materials" means the materials ordered by CNP for the purpose of the Connection.

"Connection Point" means the point where the New and/or Existing Generator Facilities are connected to CNP's transmission system.

"Dispute" means a dispute with respect to any matter under the Transmission System Code where either Party is alleging the other is: (i) seeking to impose a term that is inconsistent or contrary to the Ontario Energy Board Act, the Electricity Act, 1988, CNP's transmission license, or the Transmission System Code; or (ii) refusing to include a term or condition that is required to give effect to this Code or any of the transmitter's connection procedures.

"Execution Date" means for the purpose of Subsection 10(a) and Section 21 of this Agreement, the date specified in Schedule "D".

"Existing Generator Facilities" means any of the Generator's facilities that existed and were in-service connected to the CNP transmission system prior to this new or modified Connection.

"Final In-Service Date" means the date on which all of the New and/or modified Existing Generator Facilities are in-service.

"Generator Connection Work" means the work to be performed by the Generator, at its sole expense where the Generator will own the facility, which is described in Schedule "C" attached to this Agreement.

"Generator's Property(ies)" means any lands owned by the Generator in fee simple or where the Generator has easement rights.

"GST" means the Goods and Services Tax.

"Initial In-Service Date" means the date that the IESO has initially allowed some or all of the New Generator Facilities to be placed in-service.

"Material" relates to the essence of the contract, more than a mere annoyance to a right, but an actual obstacle to the performance or exercise of a right.

"New Generator Facilities" means the facilities owned by the Generator and specified in Schedule D as 'New or Modified Facilities' and 'New Transmission Facilities'.

"Non-Generator Initiated Scope Change(s) " means one or more changes that are required to be made to the Scope of the Project such as a result of any one or more of the following:

- any environmental assessment(s);
- requirement for CNP to obtain approval under Section 92 of the *Ontario Energy Board Act* if the transmission line route selected by CNP is greater than 2 km in length;
- conditions included by the OEB in any approval issued by the OEB under Section 92 of the *Ontario Energy Board Act*; and
- any IESO requirements identified in the System Impact Assessment or any revisions thereto.

"OEB-Approved Connection Procedures" means CNP's connection procedures as approved by the OEB.

"Premium Costs" means those costs incurred by CNP in order to maintain or advance the Ready for Service Date, including, but not limited to, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having CNP's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Project" means construction of the New Generator Facilities including the Generator Connection work.

"Ready for Service Date" means the date upon which the CNP Connection Work is fully and completely constructed, installed, commissioned and energized to the Generator's first high voltage isolation points. The Generator's disconnect switches must be commissioned prior to this date in order to use them as isolation points.

"Term" has the meaning hereto as ascribed in Section 2. of this agreement.

"Transmission System Code" means the code of standards and requirements issued by the OEB dated July 25, 2005 that came into force August 20, 2005 as published in the Ontario Gazette, as it may be amended from time to time.

Schedule "B": CNP Connection Work

CNP will provide project management, engineering, equipment and materials, construction, commissioning and energization for all work pertaining to the Connection.

(Describe work under the following headings as defined in Schedule "A". Larger projects can be divided into parts for clearer description of the Work.)

Recoverable

1. New Generator Facilities

(perform)

(Includes review of Generator specifications/drawings and inspection, testing and witnessing of commissioning of the New Generator Facilities)

2. Transformation Connection Facilities

(install/provide/perform)

3. Line Connection Facilities

(install/provide/perform)

4. Network Facilities

(install/provide/perform)

(This work is recoverable only if CNP applies to the OEB as per the Code section 6.5.3 and the Board has provided CNP with direction.)

Non-Recoverable

1. Network Facilities

(install/provide/perform)

Schedule "C": Generator Connection Work

(Schedule "C" is to be revised and specified in detail based on actual design requirements for the connection.)

Part 1: General Project Requirements:

The Generator will:

- (a) enter into a Connection Agreement with CNP at least 14 days prior to the first Connection;
- (b) ensure that project data is made available or provided to CNP as required by CNP;
- (c) ensure that the work performed by the Generator and others required for successful installation, testing and commissioning of protective and metering equipment is completed as required to enable CNP witnessing and testing to confirm satisfactory performance of such systems;
- (d) install metering facilities in accordance with the *Market Rules*;
- (e) provide a dedicated communication circuit for remote access to the metering equipment in accordance with the *Market Rules*;
- (f) provide a dedicated telephone for direct communication between CNP System Control Centre operators and the Generator Control Room Operator on a 24 hour / 7 days a week basis;
- (g) provide any hardware required to connect to CNP's transmission System;
- (h) provide coordination of protections; and
- (i) **any other requirements specific to the Connection**

Part 2: Line tap

By *(insert date)*, the Generator will:

Part 3: Teleprotection at the New Facility

By *(insert date)*, the Generator will provide teleprotection for *(insert name of CNP's Facilities)* based on the following design considerations:

- ABB NSD70 equipment or DTT circuits or equivalent if required.
- Minimum of two to four tones or DDT circuits per transmission line.
- Dual power supplies.
- Dual channel transfer trip and/or dual channel blocking signal as required.

- Leased circuits or equivalent with redundant paths if required.

Part 4: SCADA RTU

By *(insert date)*, the Generator will:

- Provide SCADA RTU functionality to meet CNP configuration and communications protocol and to comply with IESO technical and performance requirements.
- Provide a port and a modem to transmit to CNP the required telemetry quantities. The modem and protocol details will be to CNP's requirements.

Part 5: Telecommunications

By *(insert date)*, the Generator will:

- Provide communications cable entrance facilities and cable protection at the New Generator Facility.
- Be responsible for all monthly leasing costs and the yearly leasing charge (per pair) for CNP's neutralizing transformer capacity if required.
- Provide dual circuit routing if required.

Part 6: Revenue Metering

By *(insert date)*, the Generator will:

- Provide revenue metering system to IESO requirements including communication facilities.
- Provide CNP with the station single line diagram showing the revenue metering system. The single line diagram will be included in the Connection Agreement.

Part 7: Documentation

By the specified date, the Generator shall have provided CNP with the following Connection Interface Documents for review by CNP in the Design & Build phase:

Group A: *(insert date)*,

- System 1 line drawing showing ratings of all electrical equipment, such as circuit switchers, disconnect switches, bushing potential devices, CVTs, power transformers, grounding transformers, grounding resistors, breakers, generator, prime mover, exciter etc.
- GPR study and associated station ground design.
- Entrance structure (electrical & structural)
- General arrangement of the New Generator Facilities.
- Location of CNP equipment.

Group B: (insert date),

- DC station service 1 line drawing showing ratings of all electrical equipment such as batteries, chargers, etc.
- Information on switchgear fault ratings
- HV surge arrester specification
- RTU configuration/communications protocol
- Teleprotection AC and DC EWD including information on proposed vendor equipment
- Line protection AC and DC EWD
- Transformer protection, generator & generator bus frequency and voltage protections AC and DC EWD •
- HV circuit switcher or HV disconnect switch and HV breaker AC and DC EWD
- LV breaker (generator, transformer & bus tie breakers) AC and DC EWD
- Breaker failure (HVI, generator, transformer & bus tie breakers) AC and DC EWD
- HV equipment operating and protection philosophy
- Line design specification
- Special Protection System AC and DC EWD

Group C: (insert date),

- Power transformer and generator nameplate ratings
- Relay settings including relay logic diagrams, coordination studies and fault calculations.
- Commissioning procedure

Group D: (insert date),

- Preliminary and final generator data, including excitation system performance, automatic voltage regulator (AVR), power factor regulator, power system stabilizer, static exciter and speed governor to ensure compliance with all applicable reliability standards required under the Market Rules.
- Generator absorption / deliverance of VARs from/to CNP system to maintain the Generator terminal voltage to a given set point.

General

- Identify all submitted documents with revision numbers and/or dates in a transmittal.
- All submitted Connection Interface Documents are to be sent via courier from the Connection Applicant to the CNP contact and are to be sent via email (one electronic copy) to the CNP contact.
- All submitted drawings are to be submitted in full size, folded & collated into packages for CNP internal distribution. For example, if there are two sets, then we should expect three packages in one courier package.
- Number of Sets:
 - All 1 lines/four sets
 - General arrangements/two sets
 - All other drawings/documents/two sets

Part 8: Special Protection Systems

The Generator shall ensure that the Generation Rejection Scheme(s) as required by the IESO in their System Impact Assessment (SIA) have been successfully installed, tested and commissioned before connecting to CNP system. The Generator will inform CNP 30 days prior to commissioning of the Generation Rejection Schemes and CNP will retain the right to witness the testing and commissioning to confirm satisfactory performance of such systems at the sole discretion of CNP.

By *(insert date)*, the Generator will have commissioned the Generation Rejection Scheme(s).

Part 9: Commissioning

The Generator must submit their commissioning procedure by the date as specified in Part 7: Documents Group C. As per the Transmission System Code CNP reserves the right to inspect, test and witness the commissioning of the New and/or modified Existing Generator Facilities that could affect the performance of the transmission system.

Schedule "D":

PART 1: ACTUAL COST OF CNP CONNECTION WORK

(Complete this Part 1 by filling in applicable sections and showing zero costs for any sections that do not apply.)

Estimate: The estimate of the Actual Cost of the CNP Connection Work (excluding GST) as set out in Schedule "E" is summarized as follows:

1.0 Recoverable

The total (1.1 + 1.2 + 1.3 + 1.4) CNP Connection Work estimated cost recoverable from the Generator is *(Insert number in words)* dollars *\$(Insert number).00*.

1.1 New Generator Facilities

New Generator Facilities \$(insert number)

1.2 Transformation Connection Facilities

Connection Facilities \$(insert number)

1.3 Line Connection Facilities

Connection Facilities \$(insert number)

1.4 Network Facilities

(Only insert this data if CNP has applied to and obtained direction from the OEB for recovery of Network costs from the Generator.)

Network Facilities \$(insert number)

Direction sought from the OEB regarding exceptional circumstances for network facilities upgrades:

Yes _____
No _____

Direction obtained:

Yes _____
No _____

If such direction is not yet obtained, the Generator payments set out at section 1.5 below do not include CNP Connection Work – Recoverable – Network Facilities, which subject to the direction of the OEB may be recoverable. The Parties acknowledge that if such direction is given the calculation contained in this Schedule "D" shall be amended to include such directed CNP Connection Work – Recoverable – Network Facilities costs and a revised Schedule "D"

shall be delivered to the Generator, together with an invoice payable no later than 30 days from the date of such invoice or a revised payment schedule detailed in section 1.5 below. The revised Schedule "D" shall form part of the Agreement as though it had been originally incorporated into this Agreement.

1.5 Schedule of payments for Recoverable work:

Deposit of 10% (due before execution) of *(Insert number in words)* dollars *\$(Insert number).00*

Scheduled Payments:
(month/day/year) *\$(Insert number).00*
(month/day/year) *\$(Insert number).00*

CNP acknowledges receipt of an initial payment of *(Insert number in words)* dollars *\$(Insert number).00* from the Generator (the "deposit").

2.0 Non-Recoverable

Network Facilities \$(insert number)

As noted above, GST is not included in the estimate of the Actual Cost of the CNP Connection Work and will be collected when CNP renders the invoice or credit memorandum in accordance with Section 18 hereof.

The estimate of Actual Cost of the CNP Connection Work is based on the preliminary estimate provided to the Generator on *(insert date)* for transmission connection plus the additional estimate for CNP review and commissioning costs associated with the New Generator Facilities. The estimate does not include any telecommunication costs which are the Generator's responsibility.

PART 2: USE OF EXISTING AND NEW CNP FACILITIES¹

Following the Connection, the following are CNP's Facilities for the purposes of this Agreement:

CNP's Facilities -HV:

(insert description of facilities)

CNP's Facilities -LV:

(insert description of facilities)

¹ Cross-reference Sections 25.1 to 25.6

Full Capacity:

Circuit Designation	Conductor Size	Summer Rating (Amps)	Winter Rating (Amps)

Note:

The lines are continuously rated for the following system conditions: sheltered, 4 km/hr wind and 30°C summer and 10°C winter ambient temperatures respectively.

PART 3: MISCELLANEOUS

Connection Point Description (Ownership):

(insert description)

This statement will be used in the Connection Agreement.

New Generator Facilities:

e.g. *(insert total)* MVA generating facility located at *(insert address)*, Ontario, being comprised of *(insert number of units)*.

New Generator Transmission Facilities:

e.g. a *(insert number)* km *(insert rating and description of Generator's transmission facilities)* commencing at *(insert station or junction)* and terminating at *(insert station or junction)*.

Approval Date:²

CNP: *(insert date)*

Generator: *(insert date)*

Ready for Service Date:³ *(insert date)*

Initial In-Service Date:⁴ *(insert date)*

Final In-Service Date:⁵ *(insert date)*

Execution Date:⁶ *(insert date)*

Documentation Required:⁷

Documentation describing the as-built electrical characteristics of the New or modified Existing Generator Facilities as documented in Schedule C Part 7.

Security Requirements:⁸

The Generator is required to provide CNP with security in the amount of *(insert words)* dollars (*Insert Numbers*) in the form of *(insert form of Security)* as selected by the Generator and agreed to by CNP.

Security Date:⁹ *(insert date)*

Easement Required:¹⁰ Yes or No

Name of Third Party for Easement:¹¹

Easement Date:¹² *(insert date)*

Easement Lands:

Event of Default:¹³

Generator Notice Info:¹⁴

Attention:

Address:

Fax No.:

CNP Notice Info:¹⁵

Attention:

Address:

Fax No.:

Connection Agreement Signed:¹⁶

CA Execution Date: *(insert date)*

Generator's GST #:¹⁷ *(insert number)*

CNP's GST #:¹⁸ *(insert number)*

² Cross-reference Section 10.

³ Cross-reference Section 10.

⁴ Cross-reference Section Appendix A.

⁵ Cross-reference Section 18 and Appendix A.

⁶ Cross-reference Section 10.

⁷ Cross-reference Subsection 17(f).

⁸ Cross-reference Section 24.

⁹ Cross-reference Section 24.

¹⁰ Cross-reference Section 25.

¹¹ Cross-reference Section 25.

¹² Cross-reference Section 10.1 (i) & 25.

¹³ Cross-reference Section 27. to 29.

¹⁴ Cross-reference Section 37.

¹⁵ Cross-reference Section 37.

¹⁶ Cross-reference Section 30.

¹⁷ Cross-reference Section 3.

¹⁸ Cross-reference Section 3.

Schedule "E": Statement of Estimate and Actual Costs

CNP Project No.	CNP Project 1 –		CNP Project 2 –	
	Estimated	Actual	Estimated	Actual
I/S Date				
CNP Project Title				
Projection Description				
CNP Engineering & Review				
CNP Labour				
CNP Material				
CNP Equipment				
CNP Commissioning (CNP's facilities)				
CNP Project Management				
Inspection/Testing/Commissioning (Generator's faculties)				
Direct Overheads*				
Indirect Overheads*				
CNP Awarded Contracts for Line Tap and Station Work				
AFUDC				
Total K\$				

Grand Total \$ xxx.xk

The overheads may not be permitted or subject to adjustment

Schedule "F": CNP's Assets

For the purposes of this Schedule, the following terms shall have the following meanings:

"CNP's Property(ies)" means any lands owned by CNP in fee simple or where CNP now or hereafter has obtained easement rights.

"Generator's Property(ies)" means any lands owned by the Generator in fee simple or hereafter has obtained easement rights.

- A. CNP will own all equipment and facilities installed by CNP as part of the CNP Connection Work in, under, on, over, along, upon, through and crossing CNP's Property(ies).
- B. CNP will own the following equipment installed by CNP as part of the CNP Connection Work in, under, on, over, along, upon, through and crossing the Generator's Property(ies):

- 1) **Nil or List**

Schedule "G": Access Provisions

For the purpose of this Schedule "G", the following terms shall have the following meaning:

"Owner" means the owner of the facilities or the site;
"Company" means the entity requiring access to the Owner's facilities or site; and

"Owner's facilities" means the Generator's Facilities in the case of the Generator and CNP's Facilities in the case of CNP.

1. When the Company's staff, its contractors, or agents work at the Owner's facilities or site, the Owner's safety and environmental requirements shall be observed by such staff, contractors and agents. As a minimum, all Applicable Laws shall govern such work.

2. The Company's staff, its contractors, or agents working at the Owner's facilities or site shall be qualified to work around electrical hazards.

3. The Company's staff, its contractors, or agents shall be entitled to access the Owner's facilities or site, and the Owner will grant such access, to carry out work at all reasonable times on reasonable prior notice to the Owner, subject to the Owner's policies and procedures.

4. If the Company wishes to have access to the Owner's facilities, the Company shall notify the Owner of the particular work to be undertaken and of the date and time when it proposes to access the relevant facilities, subject to the Owner's policies and procedures. The Owner shall not unreasonably withhold access to its facilities.

5. At any time when the Company or its representatives are on or in the Owner's site, the Company and its representatives shall:

- (a) use all reasonable precautions not to damage or interfere with the Owner's site and facilities;
- (b) observe the Owner's requirements for reporting occupational health and safety, electrical safety, environmental requirements, technical requirements, and matters of industrial relations; and
- (c) neither ask questions, nor give any direction, instruction or advice to any person involved in operating or maintaining the Owner's site or facilities, other than the person whom the Owner has designated for that purpose.

6. If the Company or its representatives cause any loss or damage when given access to the Owner's Facilities, the Company or its representative shall

promptly advise the Owner's controlling authority of the loss or damage.

7. The Company shall not, and shall ensure that its representatives do not, intentionally interfere with any of the Owner's facilities in or on its sites. The Company shall use reasonable efforts not to cause loss or damage to the Owner's facilities. If the Company interferes with any of the Owner's facilities, it shall indemnify the Owner for reasonable costs and expenses incurred from any resulting loss or damage.

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

9. The Company shall pay the Owner its costs related to the Company's staff, contractors or agents accessing the Owner's facilities or sites, including, but not limited to, the cost of having an Owner representative accompany the Company's staff, contractors, or agents accessing the Owner's facilities or sites in accordance with the invoices rendered by the Owner.

10. The Company shall indemnify and save harmless the Owner from and against all liabilities, damages, suits, claims, demands, costs, actions, proceedings, causes of action, losses, expenses and injury (including death) of any kind or nature whatsoever (the "causes of action") resulting from, caused by or in any manner connected with installed Company equipment on the Owner's facilities or sites or Company's staff, its contractors, or agents accessing the Owner's facilities or sites including, but not limited to:

- (a) causes of actions arising out of health and safety violations or environmental spills;
- (b) costs incurred by the Owner having to pay other Generators due to interruptions caused by the Company;
- (c) damage to the Owner's equipment;
- (d) incremental costs and expenses incurred by the Owner related to the Company's equipment installations, removals, relocations, upgrades, or any other Company work.

except to the extent that the "causes of action" are caused by the negligence or willful misconduct of the Owner.

SCHEDULE "H": Form of Easement

INTEREST / ESTATE TRANSFERRED

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

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

In consideration of two dollars (\$2.00), the Transferee has erected, or is about to erect, certain Works (as more particularly described in paragraph l(a) hereof) in, through, under, over, across, along and upon the Lands.

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

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

2. The Transferor agrees that:

- (a) it will not interfere with any Works established on or in the Strip and shall not, without the Transferee's consent in writing, erect or cause to be erected or permit in, under or upon the Strip any obstruction or plant or permit any trees, bush, shrubs, plants or natural growth which does or may interfere with the Rights granted herein. The Transferor agrees it shall not, without the Transferee's consent in writing, change or permit the existing configuration, grade or elevation of the Strip to be changed and the Transferor further agrees that no excavation or opening or work which may disturb or interfere with the existing surface of the Strip shall be done or made unless consent therefore in writing has been obtained from Transferee, provided however, that the Transferor shall not be required to obtain such permission in case of emergency. Notwithstanding the foregoing, in cases where in the reasonable discretion of the Transferee, there is no danger or likelihood of danger to the Works of the Transferee or to any persons or property and the safe or serviceable operation of this easement by the Transferee is not interfered with, the Transferor may at its expense and with the prior written approval of the Transferee, construct and maintain roads, lanes, walks, drains, sewers, water pipes, oil and gas pipelines, fences (not to exceed 2 metres in height) and service cables on or under the Strip (the "Installation") or any portion thereof, provided that prior to commencing such Installation, the Transferor shall give to the Transferee thirty (30) days notice in writing thereof to enable the Transferee to have a representative present to inspect the proposed Installation during the performance of such work, and provided further that Transferor comply with all instructions given by such representative and that all such work shall be done to the reasonable satisfaction of such representative. In the event of any unauthorized interference aforesaid or contravention of this paragraph, or if any authorized interference, obstruction or Installation is not maintained in accordance with the Transferee's instructions or in the Transferee's reasonable opinion, may subsequently interfere with the Rights granted herein, the Transferee may at the Transferor's expense, forthwith remove, relocate, clear or correct the offending interference, obstruction, Installation or contravention complained of from the Strip, without being liable for any damages caused thereby.
 - (b) notwithstanding any rule of law or equity, the Works installed by the Transferee shall at all times remain the property of the Transferee, notwithstanding that such Works are or may become annexed or affixed to the Strip and shall at anytime and from time to time be removable in whole or in part by Transferee.
 - (c) no other easement or permission will be transferred or granted and no encumbrances will be created over or in respect to the Strip, prior to the registration of a Transfer of this grant of Rights.
 - (d) the Transferor will execute such further assurances of the Rights in respect of this grant of easement as may be requisite.
 - (e) the Rights hereby granted:
 - (i) shall be of the same force and effect to all intents and purposes as a covenant running with the Strip.
 - (ii) is declared hereby to be appurtenant to and for the benefit of the Works and undertaking of the Transferee described in paragraph 1. (a).
3. The Transferee covenants and agrees to obtain at its sole cost and expense all necessary postponements and subordinations (in registrable form) from all current and future prior encumbrancers, postponing their respective rights, title and interests to the Transfer of Easement herein so as to place such Rights and easement in first priority on title to the Lands.
4. There are no representations, covenants, agreements, warranties and conditions in any way relating to the subject matter of this grant of Rights whether expressed or implied, collateral or otherwise except those set forth herein.
5. No waiver of a breach or any of the covenants of this grant of Rights shall be construed to be a waiver of any succeeding breach of the same or any other covenant.
6. The burden and benefit of this transfer of Rights shall run with the Strip and the Works and undertaking of the Transferee and shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

CHARGEES

THE CHARGEES of land described in a Charge/Mortgage of Land dated _____
Between _____ and _____
and registered as Instrument Number _____ on _____ does
hereby consent to this Easement and releases and discharges the rights and easement herein from the said Charge/Mortgage of
Land.

Name	Signature(s)	Date of Signatures
		Y M D
	Per:	

I/We have authority to bind the Corporation

att: Schedule "A"