

1 Q. **Reference: Regulated Activities**

2 Please provide all Power Purchase Agreements of Newfoundland and Labrador
3 Hydro (“Hydro”) in effect with suppliers on the Island Interconnected System and
4 Hydro Rural Systems.

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7 A. The following are the Power Purchase Agreements that Hydro has with suppliers on
8 the Island Interconnected System:

- 9 • Algonquin Power Corporation (Rattle Brook) Inc. (4 MW hydroelectric – 25-
10 year term commencing October 23, 1998) – NP-NLH-002 Attachment 1;
11 Addendum to Agreement - NP-NLH-002 Attachment 2
- 12 • Corner Brook Pulp and Paper Limited (15 MW Cogeneration – 20-year term
13 commencing January 31, 2003) – This PPA was made exempt from the
14 jurisdiction of the Board under Regulation 95/00 issued under the Electrical
15 Power Control Act, 1994 and the Public Utilities Act. The energy supplier
16 has requested that Hydro not file this document in this matter.
- 17 • NeWind Group Inc. (27 MW Wind Farm – St. Lawrence – 20-year term
18 commencing May 31, 2009) - NP-NLH-002 Attachment 3
- 19 • Vector Wind Energy Inc. (27 MW Wind Farm – Fermeuse – 20-year term
20 commencing June 30, 2009) - NP-NLH-002 Attachment 4 – Note: This
21 Agreement was assigned to Vector Wind Energy Inc. on September 3, 2008
22 and subsequently to Fermeuse Wind Power Corp. as of October 31, 2011.
- 23 • Nalcor Energy (hydroelectric energy at 4 cents/kWh from Star Lake,
24 Buchans, Grand Falls and Bishop’s Falls) as per Order In Council OC2013-088
25 - NP-NLH-002 Attachment 5

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1 The following are the Power Purchase Agreements that Hydro has with suppliers on
2 the Island Isolated System (Ramea):

- 3 • Frontier (390 kW wind farm - dated October 9, 2003 – 15 year term) - NP-
4 NLH-002 Attachment 6
- 5 • Nalcor Wind-Hydrogen Operating Agreement (commencing February
6 15,2010) - NP-NLH-002 Attachment 7

Agreement for Non-Utility Generated Power and Energy

This Agreement made in duplicate at St. John's in the Province of Newfoundland, on the
3rd day of January, A.D., 1994.

BETWEEN:

ALGONQUIN POWER CORPORATION (RATTLE
BROOK) INC., a body corporate duly organized and
existing under the laws of Newfoundland

(hereinafter referred to as the "Seller")

OF THE FIRST PART

AND:

NEWFOUNDLAND AND LABRADOR HYDRO, existing
pursuant to the Hydro Corporation Act, Chapter H - 16
of the Revised Statutes of Newfoundland, 1990
(hereinafter referred to as "Hydro")

OF THE SECOND PART

WHEREAS the Seller has responded to a Request for Proposals issued by Hydro to
prospective non-utility generators to generate power and energy from small hydro-electric
projects and to sell that power and energy to Hydro;

AND WHEREAS among the non-utility generator proponents which responded to the
aforementioned Request for Proposals, Hydro has selected the Seller and Hydro and the
Seller desire to enter into an agreement to set forth the terms and conditions upon which
the sale and purchase of power and energy shall be undertaken;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto each, in
consideration of the premises and of the covenants, agreements and declarations made
herein by the other, covenant, agree and declare as follows:

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ARTICLE 1

INTERPRETATION AND TERM OF THE AGREEMENT

1.01 In this agreement, unless the context otherwise requires,

- a) "Agreement" means this agreement for the sale and purchase of Power and Energy;
- b) "Capacity" means the same as "Power" as defined in paragraph 1.01(m);
- c) "Commercial In-Service Date" means the date, not later than December 31, 2000, which follows the day upon which all features and equipment of the Facility are demonstrated to Hydro's satisfaction to be capable of operating simultaneously to deliver Power and Energy continuously into the Interconnected Grid as provided in this Agreement;
- d) "Contract Deposit" means the amount payable to Hydro by the Seller pursuant to Article 8 to be held as security for damages suffered by Hydro;
- e) "Energy" means the amount of electricity generated and delivered during a given period of time and measured in kilowatthours (kW.h);
- f) "Facility" means all the Seller's generating and transmission plant and associated equipment located at or near the site of its generation plant at Rattle Brook, used to provide Power and Energy to Hydro pursuant to this Agreement;
- g) "Good Utility Practice" means those practices, methods or acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in Canada) that at a particular time, in the exercise of reasonable judgment, would be expected to

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accomplish the desired result in a manner which is consistent with laws and regulations and due concerns for reliability, safety, environmental protection, economy and expedition;

- h) "Installed Capacity" means the nameplate capacity of the Seller's generating plant and, for the purpose of this Agreement, shall be deemed to equal 4,000 kilowatts;
- i) "Interconnected Grid" means the interconnected transmission and distribution system situated on the island part of the Province and owned by Hydro or by Newfoundland Light & Power Co. Limited;
- j) "Interconnection Plant" means that equipment and plant at the Interconnection Point which Hydro will install, operate and maintain, as will be more particularly described in Appendix C to this Agreement;
- k) "Interconnection Point" means that point where the Facility connects to the Interconnected Grid;
- l) "Month" means a calendar month;
- m) "Power" means the amount of electrical power generated and delivered at any time and is measured in kilowatts (kW);
- n) "Province" means the Province of Newfoundland;
- o) "Scheduled In-Service Date" means that date upon which all features and equipment of the Facility must be capable of being operated simultaneously to deliver Power and Energy into the Interconnected Grid as provided in the Agreement which date shall not be earlier than October 1, 1998 nor later than

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December 31, 1998 and shall be specified in Appendix "A" to be incorporated into this Agreement;

- p) "Site" means the location of the Facility and includes all land owned or leased, or to which the Seller holds an easement, for the purposes of the Facility and connected with the objects of this Agreement;
- q) "Summer Period" means that period commencing at noon on the last day of March and ending at noon on the last day of October of each year; and
- r) "Winter Period" means that period commencing at noon on the last day of October and ending at noon on the last day of March of the following year.

1.02 This Agreement shall become binding upon execution and, subject to the early termination provisions contained herein, shall remain in effect until the twenty-fifth anniversary of the Commercial In-Service Date, and shall be renewable for a further twenty-five year period upon terms and conditions which the parties may agree.

ARTICLE 2

PURCHASE OF POWER AND ENERGY

2.01 Subject to Clause 2.04, Hydro agrees to buy and the Seller agrees to sell all Power and Energy produced by the Seller at its Facility and delivered to Hydro at the Interconnection Point. The payments Hydro shall make to the Seller shall consist of two components: a Capacity component and an Energy component for each of the Winter Period and the Summer Period. The payments to be made in each Month shall be based upon the following prices, which are expressed in December 1992 Cents per kilowatthour.

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	<u>c/kW.h</u>
Capacity price (CC) for the Winter Period	4.275
Capacity price (CC) for the Summer Period	2.000
Energy price (EC) for the Winter Period	3.580
Energy price (EC) for the Summer Period	3.580

The payments shall be determined by applying the formula set forth below:

$$P_j = C_j + E_j$$

where:

- P - is the total Monthly payment
- j - is the Month for which the payment is payable;
- C_j - is the Capacity payment payable by Hydro to the Seller for Month j, and shall be calculated in accordance with Clause 2.02; and
- E_j - is the Energy payment payable by Hydro to the Seller for Month j, and shall be calculated in accordance with Clause 2.03.

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Capacity Payment

2.02 The Capacity payment (C_j) payable by Hydro to the Seller shall be determined by the formula set forth below:

$$C_j = CC \times EP_j \times CFACT$$

where:

- CC - is the Capacity price for the Month j , as stated in Clause 2.01;
- EP_j - is the Energy purchased by Hydro from the Seller in Month j ; and
- CFACT - is the Capacity price escalation factor based on the Hydro Electric Generating Stations - Total Index, as defined in Appendix "B".

Energy Payment

2.03 The Energy payment (E_j) payable by Hydro to the Seller shall be determined by the formula set forth below:

$$E_j = EC \times EP_j \times EFACT_i$$

where:

- EC - is the Energy price for Month j , as stated in Clause 2.01;
- EP_j - is the Energy purchased by Hydro from the Seller in Month j ;
- EFACT $_i$ - is the Energy price escalation factor based on the Consumer Price Index for Canada (All Items, as defined in Appendix "B") but the change in EFACT $_i$ from one year to the next shall not exceed 6 per cent; and
- i - is the calendar year in which Month j falls.

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2.04 Hydro shall not be obliged to purchase Power and Energy prior to October 1, 1998.

2.05 (a) On the amount of money expended up to June 30, 1994 on the Facility, Hydro shall pay the interest which accrues during the period between January 1, 1998 and the earlier of the Commercial In-Service Date and October 31, 1998, provided

(i) the amount of money expended on the proposed Facility up to June 30, 1994 shall be communicated by the Seller to Hydro in writing on or before October 31, 1994, and

(ii) the interest costs which Hydro shall pay are based on the lower of the Seller's actual interest costs and those obtained using the prime lending rate, plus two percent, of Hydro's principal bankers at the time payment is to be made, for the relevant period.

(b) The payment of interest costs shall be made by Hydro at the end of each month with the first payment being made in January 31, 1998 and with the last being made at the end of the month which immediately follows the earlier of the Commercial In-Service Date and October 31, 1998.

2.06 In any case in which payments shall be made pursuant to Clauses 2.05 or 9.04, the amounts payable shall be calculated based upon audited statements of only those expenditures which relate directly to the Facility or proposed Facility, net of all grants and similar government source funding received by the Seller. The auditor who provides the audited statements under this Clause shall be an independent auditor chosen by Hydro and the costs pertaining to the audit shall be divided equally between Hydro and the Seller and

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project to its chosen auditor by November 30, 1994 with terms of reference to have an audit completed in accordance with Clause 2.05 and to provide the auditor's report to the parties to this Agreement on or before February 28, 1995. Either party may refer any matter which remains in dispute arising from the audited statements to a board of arbitrators pursuant to Article 13 of this Agreement.

2.07 Where Hydro makes a payment to the Seller pursuant to Clause 2.05, and the Seller subsequently refuses or fails to supply Power and Energy to Hydro so that, pursuant to Article 9, Hydro is entitled to retain some or all of the Contract Deposit provided under Article 8, then Hydro may recover the amount paid under Clause 2.05, by adding such amount to the liquidated damages payable to Hydro pursuant to Article 9 and retaining such an additional amount from the Contract Deposit. In the event that the amount paid as a Contract Deposit under Article 8 is insufficient to permit Hydro to recover the sum of liquidated damages payable pursuant to Article 9 plus the amount of the payment made to the Seller pursuant to Clause 2.05, then Hydro may recover that outstanding amount from the Seller and the amount of liquidated damages calculated pursuant to Article 9 shall not constitute an upper limit on the total amount recoverable by Hydro from the Seller.

ARTICLE 3 METERING

3.01 The metering equipment and meters to register the amount of Power and Energy to be purchased by Hydro under this Agreement shall be furnished and installed by Hydro and, if required to be located on the Seller's premises, the metering equipment will be installed in a suitable place provided by the Seller, in such manner as to register accurately the total amount of Power and Energy purchased by Hydro. All costs associated with the supply, installation and maintenance of meters and metering equipment shall be borne by the Seller. Subject to Good Utility Practice, Hydro will endeavour to keep metering costs to their minimum.

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3.02 The Seller shall enter into an agreement with Hydro for the supply of power and energy required by the Seller, which agreement may be subject to the jurisdiction of the Board of Commissioners of Public Utilities. The metering equipment and meters to register the amount of Power and Energy to be sold by Hydro to the Seller shall be furnished and installed by Hydro, and if required to be located on the Seller's premises, will be installed in a suitable place provided by the Seller, in such a manner as to register accurately the total amount of Power and Energy sold to the Seller by Hydro.

3.03 The metering equipment required under Clauses 3.01 and 3.02 shall be of a type approved for revenue metering by the appropriate department of the Government of Canada.

3.04 Where practical the metering equipment required under Clauses 3.01 and 3.02 will be installed at the Interconnection Point. Where necessary, adjustments will be made to all meter readings to account for transformer, transmission and distribution line losses between the metering point and the Interconnection Point. The method of adjustment will be agreed to prior to March 31, 1995 and shall be set forth in the Appendix "D" to be incorporated into this Agreement.

3.05 Authorized employees of Hydro and officials acting on behalf of the appropriate department of the Government of Canada shall have the right of access at all reasonable times for the purpose of reading, inspecting, testing, and repairing the meters installed pursuant to Clauses 3.01 and 3.02 hereof. However, the said authorized employees shall not interfere with the operations of the Seller except to the extent such interference is required as a result of the work being performed.

3.06 The Seller shall have the right, at its own expense, to install, equip and maintain check meters adjacent to Hydro's meters.

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3.07 The Seller shall provide metering on the output terminals of its generators to record the power and energy produced by each generating unit. These meters may be relied upon by the parties in the event that the other metering, required by Clause 3.01, fails.

3.08 Should any meter required under Clause 3.01 fail to register accurately, the Seller may charge for the Power and Energy supplied during the period when the registration was inaccurate either

- (a) on the basis of the amount of energy measured at the output terminals of its generators during the period of alleged inaccurate registration with appropriate adjustments for losses and the internal use of the Seller; or
- (b) on the basis of the amount of Power and Energy supplied as established by available evidence,

which ever basis appears most fair and accurate.

3.09 The billing period for each Month shall commence at noon on the last day of the previous Month.

ARTICLE 4

INTERCONNECTION COSTS

4.01 An estimate of all costs to be incurred by Hydro to interconnect the Seller shall be paid by the Seller in advance of any construction for the interconnection. The Seller may provide the advance payment for the interconnection by providing an irrevocable letter of credit from a bank acceptable to Hydro and in the form found in Appendix "F". Upon the completion of the interconnection, an adjustment shall be made so that if the

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estimate is lower than the actual cost, the difference shall be paid by the Seller to Hydro forthwith and if the estimate is higher than the actual cost the difference shall be reimbursed to the Seller by Hydro forthwith so that in result the Seller shall have paid the actual costs, however, in no event shall the Seller pay an amount for interconnection costs which exceed the estimated costs plus twenty-five per cent (25%). The estimate to be provided by Hydro to the Seller, and all payments and adjustments required by this Clause, shall be given from one party to the other in accordance with the schedule in Appendix "A" which shall form part of this Agreement. Hydro shall, in its sole discretion, determine where such interconnection shall occur. The Interconnection Plant shall be as set out in Appendix "C" which shall form part of this Agreement.

4.02 The Seller shall pay to Hydro all costs that Hydro incurs to operate and maintain, according to Good Utility Practice, the Interconnection Plant. These costs shall include any amounts required to operate, maintain, inspect, repair, replace or upgrade the Interconnection Plant and may include Hydro's costs of materials, labour, travel, and other reasonably incurred expenses. These costs may comprise either or both of Hydro's costs to perform the service or the costs of a contractor retained by Hydro to perform this work. These interconnection operation and maintenance costs shall be paid by the Seller within thirty days of being billed for the same by Hydro or Hydro may, in its sole discretion, deduct such costs from the payments for Power and Energy due to the Seller under this Agreement.

ARTICLE 5

SUBMISSION OF PLANS AND DESIGNS

5.01 The Seller shall deliver to Hydro for Hydro's written approval, the detailed design, plans, specifications and commissioning procedures for those aspects and portions of its Facility that Hydro has determined may impact the power quality or the reliable operation and safety of the Interconnected Grid. These detailed design, plans, specifications and commissioning procedures, and the timing of them and of the delivery of Hydro's

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approval, shall be more fully described and set out in the Appendix "A" to be added to this Agreement.

5.02 The Seller shall construct and test its Facility in accordance with those approved detailed design, plans, specifications and commissioning procedures provided to Hydro in accordance with Clause 5.01. Any alterations made to these designs, plans, specifications or commissioning procedures, or made to the Facility after the Facility has been constructed, shall be first approved in writing by Hydro. Hydro shall be permitted to be present to witness the Seller's commissioning activities and to inspect and test any of its equipment which may impact power quality or the reliable operation and safety of the Interconnected Grid. Hydro's right to inspect and test the Seller's equipment shall not relieve the Seller of the responsibility to properly maintain its equipment.

5.03 In considering or approving any design, plans, specifications, commissioning procedures or any permitted alteration thereto, Hydro makes no warranty, representation of adequacy whatsoever and assumes no responsibility towards the Seller or to any other party whomsoever. The approval or consideration by Hydro of any design, plan, specification or commissioning procedure shall in no way cause Hydro to become liable for any loss occasioned by the Seller or by any party whomsoever and the Seller hereby agrees to indemnify and save Hydro harmless from all causes of action, suits, demands, claims or legal proceedings, including legal costs, taken against Hydro and arising in any way or manner from any investment, lending, guaranteeing or other participation in the Seller or its Facility, or in the construction or installation of any part of the Facility at the Seller's Site.

5.04 Hydro's review and consideration of the detailed design, plans, specifications and commissioning procedures of the Seller's plant and facilities are made without any representation, express or implied, about the economic or technical feasibility, safety, operational capability or reliability of the Seller's plant or facilities. The Seller shall not in

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any manner make any representations to any third parties whatsoever, in a manner which is express or implied, as to conclusions reached or the results of the review and consideration by Hydro concerning the economic or technical feasibility, safety, operational capability or reliability of the Seller's plant or facilities.

5.05 The Seller is solely responsible for the ability of its plant and facilities to perform in a safe, economic and reliable manner.

ARTICLE 6

UTILITY PRACTICES AND OPERATING STANDARDS

6.01 The Seller shall at all times during the term of this Agreement operate and maintain its Facility in accordance with Good Utility Practice.

6.02 The Seller shall follow appropriate operating procedures and power quality guidelines which do not differ substantially from those followed by Hydro for Hydro's own similar facilities. These procedures and guidelines shall include those set forth in the Appendix "E", which shall be incorporated hereto and which procedures have been agreed to by the parties, as modified from time to time by the mutual agreement of the parties. Operating procedures will, among other things, provide for routine switching operations; scheduled maintenance; emergencies, including forced outages and unexpected contingencies; and for communications between Hydro and the Seller. These procedures are required to enable Hydro to exercise control, when needed to ensure power quality, system safety, security and reliability over the flow of Power and Energy from the Seller's Facility. Notwithstanding the existence of these procedures, when needed to ensure power quality, system safety, security and reliability, Hydro shall have the right to exercise control of the circuit breaker at or near the Interconnection Point.

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6.03 During the Winter Period and upon Hydro's request, where the Seller has sufficient storage and unless doing so requires the Seller to spill water, the Seller shall maximize its generation during the daily peak hours (0800 to 2200 hours).

6.04 Except for abnormal operating conditions, variations from any nominal frequency or nominal voltage shall be within normal operating ranges for which the equipment is rated by the manufacturer. The Seller shall be responsible for installing protective equipment to protect its own property and operations from variations in frequency or voltage, temporary delivery of other than three-phase Power and Energy, or from other system disturbances.

6.05 The Seller agrees to provide suitable transforming equipment and all other electrical equipment on its side of the Interconnection Point, including electrical equipment Hydro deems necessary from time to time during the term of this agreement, for the safe and secure operation of the Interconnected Grid.

6.06 The Seller shall operate in such a manner so as not to cause disturbance or fluctuations on the Interconnected Grid, or interference with communications systems or control circuits of Hydro or of any third party. The Seller shall take remedial measures at its own expense by way of installing suitable apparatus or otherwise as may be necessary to reduce any disturbance or fluctuations or any interference with the communications systems or control circuits to a level acceptable to Hydro. Without limiting the generality of Article 11 of this agreement, the Seller shall indemnify Hydro from claims and demands made against Hydro by any third party in consequence of any failure of the Seller to perform its obligations under this Clause.

6.07 After the Commercial In-Service Date, Hydro may install equipment on its system which automatically recloses circuit breakers following an interruption of Power and Energy supply so as to improve the continuity of the supply of Power and Energy. Where Hydro has installed such equipment, the Seller shall, at its own expense, provide adequate

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protective equipment for all its Facility that might be adversely affected by the operation of the reclosing equipment. The Seller shall also install such equipment as may be required for the prompt disconnection of any of the Seller's equipment that might affect the proper functioning of the reclosing equipment. Hydro will co-operate with the Seller and use its best efforts to establish from time to time a mutually agreed upon reclosing time for the equipment, but failing such agreement, the decision of Hydro as to that time shall be final. Without limiting the generality of Article 11 of this Agreement, the Seller bears the sole responsibility for the cost of any damage to its equipment and transformers that may occur due to the operation of the Interconnected Grid including, but not limited to, reclosing, voltage imbalance, frequency deviations, outages, and system faults.

6.08 If at any time the Facility operates in such a manner that in Hydro's opinion, power quality is adversely affected or, the safety and security of the Interconnected Grid or of Hydro's connected customers is threatened, Hydro may give notice thereof to the Seller which notice may be given by telephone to an employee of the Seller who has been designated pursuant to Clause 6.09 or such other employee provided for in that Clause, and the Seller shall immediately remedy the said problem. If the problem continues for more than fifteen minutes after the notice, then Hydro may discontinue the receipt of all Power and Energy or the supply of all Power and Energy or any part thereof and shall not be obliged to resume receipt of or supply of Power and Energy until the Seller has remedied the problem. Hydro shall provide to the Seller a written confirmation of all notices given by telephone under this Clause but the Seller shall not delay taking corrective action pending its receipt of the written confirmation.

6.09 The Seller shall designate in writing to Hydro the name of the employee or agent to whom notices under this section are to be given, and in default of such designation or in the event of the said employee or agent not being immediately available to receive any such notice, the Seller agrees the notice may be given by telephone or otherwise to any other employee or agent of the Seller.

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6.10 Notwithstanding Hydro's right to discontinue the receipt of Power and Energy pursuant to Clause 6.08, if the Seller fails to perform any obligation under this Agreement, Hydro may give written notice to the Seller that unless the obligation is completely fulfilled within a reasonable period after mailing of the notice, Hydro will discontinue the receipt or supply of Power and Energy. If the Seller continues in default in respect of the obligation beyond the period specified in the notice, Hydro may discontinue the receipt or supply of Power and Energy and may refuse to resume receipt of or supply of Power and Energy until the Seller has fulfilled its obligation. The right to discontinue the receipt of Power and Energy in this section is in addition to and not in limitation of any other right provided elsewhere in this Agreement to discontinue the receipt or supply of Power and Energy for failure of the Seller to perform a particular obligation.

6.11 Notwithstanding that Hydro may have discontinued the receipt or supply of Power and Energy to the Seller by reason of failure of the Seller to perform any of its obligations under this Agreement, or that Hydro has discontinued the receipt or supply of Power and Energy upon the request of the Seller, such discontinuance shall not be construed as a breach of contract by Hydro to receive Power and Energy from or supply Power and Energy to the Seller under this Agreement, nor shall such discontinuance relieve the Seller from its obligations to pay Hydro for Power and Energy.

6.12 If after Hydro has discontinued the receipt or supply of Power and Energy by reason of failure of the Seller to perform any of its obligations under this Agreement, and the Seller continues in default in respect of the obligation, Hydro may at its option give written notice to the Seller that unless the obligation is completely fulfilled within a specified period (not less than sixty days after mailing of the notice), this Agreement shall be terminated. If the Seller continues in default in respect of the obligation beyond the period specified in the notice, the Agreement shall there upon terminate, unless the Seller assigns the Agreement, in accordance with Article 15.01, to a party to which Hydro agrees and the default is remedied within the period specified in the written notice or such other notice period as Hydro may agree. Such termination shall be without waiver of any amounts

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which may be due or of any rights including the right to damages for such breach which may have accrued up to and including the date of such termination.

6.13 Either party shall have the right to interrupt the supply or receipt of Power and Energy at any time to the extent necessary to safeguard life or property or for the purpose of construction, maintenance, operation, repair, replacement, or extension of their equipment or works. Either party shall limit the duration of such interruptions as much as practicable and, except in emergencies, shall give to the other party reasonable warning of its intention to interrupt the supply.

6.14 If the Seller's inability to make Power and Energy available or Hydro's inability to take Power and Energy is in either case attributable to an interruption by either party for any of the purposes described in Clause 6.13, then neither party shall be liable to the other for damages or breach of contract.

ARTICLE 7

POWER AND ENERGY USED BY SELLER

7.01 Hydro shall have the right to install, maintain and repair, at the Seller's expense, metering at the Site for the purpose of ensuring that Power and Energy purchased from Hydro or from Newfoundland Light & Power Co. Limited is not being re-sold by the Seller to Hydro.

ARTICLE 8

CONTRACT DEPOSIT

8.01 The Seller shall, no later than thirty days after the execution of this agreement, deliver to Hydro a Contract Deposit for an amount equal to \$15/kW multiplied by the Installed Capacity. The Contract Deposit may be in either of the following forms:

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- a) cash; or
- b) an irrevocable letter of credit from a bank acceptable to Hydro and in the form found in Appendix "F".

8.02 Hydro may apply the Contract Deposit to all or part of its damages under Clause 2.07, or its liquidated damages under Article 9, or any other damages it may be caused by the Seller under this agreement or otherwise. In any case where Hydro applies the Contract Deposit or any portion of it to a claim, that claim shall be reduced by the amount of the Contract Deposit so applied. However, in any case where the Contract Deposit is applied to a claim which does not constitute liquidated damages under Article 9, applying the Contract Deposit to that claim shall not have the effect of extinguishing the claim or of limiting the remedies available to Hydro in relation to that claim.

8.03 If the Seller provides the Contract Deposit in cash, Hydro shall invest that cash in a manner which is reasonable and prudent, with due consideration for the potential of an early withdrawal. Upon the Commercial In-Service Date Hydro shall return the Contract Deposit, plus any applicable interest, to the Seller less the amount of liquidated damages payable by the Seller to Hydro pursuant to Article 9.

ARTICLE 9

LATE DELIVERY OF POWER AND ENERGY AND TERMINATION

9.01 In the event of this Agreement being terminated by the Seller prior to the Scheduled In-Service Date for reasons which are not the fault of Hydro, or if the sales of Power and Energy to Hydro do not occur by December 31, 1998, then the parties agree that:

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- (i) Hydro shall be deemed to have been damaged by reason of such early termination of this Agreement or late delivery of Power and Energy;
- (ii) The nature of the subject matter of this agreement would make the determination of the actual damages to Hydro caused by such early termination of this Agreement or late delivery of Power and Energy extremely difficult or impracticable;
- (iii) The amounts determined by paragraphs 9.02(a) and 9.02(b) constitute the parties' best estimates of the damages which would be suffered by Hydro attributable to the termination of this Agreement prior to the Scheduled In-Service Date or the late delivery of Power and Energy; and that

the Seller shall pay to Hydro as liquidated damages an amount which shall compensate Hydro for the loss or delay of available Power and Energy caused by the termination of this Agreement by the Seller prior to the Scheduled In-Service Date or by the late delivery of Power and Energy by the Seller.

9.02 a) In the event of the termination of this Agreement by the Seller prior to the Scheduled In-Service Date, the amount of liquidated damages payable to Hydro pursuant to Clause 9.01 shall be determined by multiplying \$0.02 by the *k* KW of Installed Capacity, by the number of days which pass between the date of the execution of this Agreement and such early termination date.

b) In the event of the late delivery of Power and Energy by the Seller, the amount of liquidated damages payable to Hydro pursuant to Clause 9.01 shall be determined by multiplying \$0.02 by the *k* KW of Installed Capacity, by the

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number of days which pass between December 31, 1998 and the Commercial In-Service Date.

- 9.03 (a) If the Seller gives notice of termination of this Agreement, voluntarily or forcibly abandons its operations, commits an act of bankruptcy, liquidates its assets, or fails to obtain or maintain any permits, authorizations or approvals which it is required by law or regulation to obtain or maintain for the operation of its Facility or for its existence as a corporate entity, then the Seller shall be deemed to have terminated this Agreement and Hydro may claim damages and any other appropriate legal remedy against the Seller. However, if the termination of this Agreement by the Seller, or the deemed termination of this Agreement by the Seller pursuant to this paragraph, occurs prior to the Scheduled In-Service Date, then Hydro shall be limited to claiming the liquidated damages calculated in accordance with paragraph 9.02(a).
- (b) Where Hydro terminates this Agreement under paragraph (a) of this Clause 9.03, resulting solely from the Seller's failure to attain or maintain any permits, authorizations or approvals from any municipal, legislative or regulatory authority which is subject to a right of appeal or judicial review, the Seller shall have one year from the date Hydro has terminated the Agreement in which it may pursue any legal remedies it may have to attain or retain the permits, authorizations or approvals. If the Seller is successful in attaining or retaining such permits, authorizations or approvals, then the Agreement shall be deemed to continue as of thirty days after Hydro receives written notice from the Seller of such event. The commencement of an appeal or other legal proceedings or claims by the Seller shall not prevent Hydro from seeking any remedies or damages, including those arising from the termination of the Agreement or the circumstances which led to its termination, or from taking the Contract Deposit as security towards those damages.

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9.04 If Hydro terminates the agreement prior to the Scheduled In-Service Date, then Hydro shall be liable for only those reasonable, salaries, fees, interest costs and out-of-pocket expenses which are incurred by the Seller after the execution of this Agreement in the construction of the project, and in no such case shall Hydro be liable for an amount or amounts to compensate the Seller for other losses, costs, claims by the Seller or by third parties against the Seller, or any other damages, including the loss of expected profits or revenues contemplated as potentially flowing to the Seller pursuant to this Agreement, or for any other expenses or amounts the Seller has incurred prior to the execution of this Agreement.

9.05 In the event that the Commercial In-Service Date has not occurred by December 31, 2000, Hydro may, at its sole discretion, terminate this Agreement.

ARTICLE 10

CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

10.01 For the consideration aforesaid, the Seller hereby grants to Hydro the right to construct transmission lines and accessory apparatus on locations approved by the Seller on, under or over the Seller's Site for the purpose of serving the Seller and the other customers of Hydro and sellers of Power and Energy to Hydro, together with the right of access to the property of the Seller at all times for the construction of such lines and apparatus and for the repair, maintenance and removal thereof: Provided that nothing in this Clause shall entitle Hydro to construct transmission lines and accessory apparatus on or over the Seller's Site if such transmission lines are not directly connected with the Seller's Site or some part thereof. The Seller shall execute a standard form easement instrument provided by Hydro to effect the granting of an easement of right-of-way and other easement rights required by Hydro for these purposes.

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10.02 The Seller shall not erect any building, structure or object on or over any right-of-way referred to in Clause 10.01 without the written approval of Hydro, but subject to that limitation the Seller shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

10.03 Any changes which the Seller may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 10.01 shall be made by Hydro, but the Seller shall bear the expense of any such changes.

10.04 All transmission lines, Interconnection Plant and other apparatus furnished and installed by Hydro on the Seller's Site, shall remain the property of Hydro and Hydro shall be entitled to remove its transmission lines, interconnection equipment and apparatus on the expiry or termination of this Agreement.

ARTICLE 11

RESPONSIBILITY FOR DAMAGES, INSURANCE

11.01 The Seller shall indemnify and hold harmless Hydro and its employees, officers, directors, agents, or contractors, with respect to any and all liability, loss, claims, damage demands, costs or expenses which, but for this provision, would be incurred by Hydro or its employees, officers, agents or contractors arising from any negligent or tortious act or omission of the Seller or its employees, officers, agents, or contractors in connection with the performance of the Seller's obligations under this Agreement.

11.02 If any of the Interconnection Plant, or other apparatus installed by Hydro on the Seller's Site should be destroyed or damaged by the negligence of the Seller, its servants or agents, the Seller shall reimburse Hydro for the cost of their replacement or repair.

11.03 If at any time during the term of this Agreement, the construction of the Facilities or the operation of the works of either party to this Agreement is suspended in

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whole or in part by reason of war, rebellion, civil disturbance, strikes, serious epidemics, fire or other fortuitous event, then, such party will not be liable to the other party to purchase or, as the case may be, to supply Power and Energy hereunder until the cause of such suspension has been removed and in every such event, the party whose operations are so suspended shall use all reasonable diligence to remove the cause of the suspension and to give prompt notice to the other party of the beginning and of the ending of the suspension.

11.04 The Seller shall at its own cost, expense and risk defend any and all claims, actions, demands, suits or other legal proceedings which may be brought, or instituted against Hydro as a result of or in connection with this Agreement, or activities undertaken in connection with this Agreement, and shall pay and satisfy any such claim, demand or judgment that may be rendered against or levied upon Hydro in any such claims, actions, demands, or other legal proceeding, provided that such damage is not caused solely by the negligent or intentional act or omission of Hydro. In the event that such damage is caused by the contributory negligence of Hydro and the Seller, each party shall bear its own portion of damages for which it was responsible. Hydro shall, as soon as is practicable after becoming aware of any matter which might be construed as a claim under this Clause, notify the Seller in writing of the matter. The Seller shall have the first right to defend and or settle any claim for which Hydro seeks indemnification hereunder and Hydro shall incur no expense in this regard without the written approval of the Seller unless the Seller has failed in its obligation to, within a prudent period of time, take proper steps to maintain a defense. The Seller shall keep Hydro advised of all significant events which arise in the course of the negotiation, settlement or litigation of any claim which the Seller is required to defend pursuant to this Clause.

11.05 The Seller shall acquire and maintain "All Risk Property" insurance on the whole of the Facility and shall keep the Facility and all related operations insured against liability and all other such risks as are customarily insured against in the case of similar operations. Such insurance to be with insurers and in a form and amount acceptable to Hydro.

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11.06 Comprehensive general liability insurance shall have a minimum limit of Five Million Dollars (\$5,000,000) per occurrence and shall contain a cross liability clause with Hydro named as an additional insured.

11.07 All other insurance shall name Hydro as an additional insured for the carrying out of its interest as it may exist per this Agreement and it shall be a term of each insurance policy that Hydro shall be advised at least thirty days in advance of any insurance policy changes or cancellations. The Seller shall provide Hydro with certified copies of all insurance required by this Agreement proving that such policies are in full force and effect, and the seller shall maintain such policies for the full term of this Agreement. If required by Hydro, the Seller shall obtain replacement insurance which is acceptable to Hydro.

11.08 The Seller shall not commit or permit any act or omission invalidating any such insurance, or adversely impact Hydro's policies of insurance.

11.09 If the Facility is damaged or destroyed by a peril that is or should have been covered by insurance pursuant to this Agreement, the Seller covenants to repair or rebuild same with all reasonable diligence.

ARTICLE 12

PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF SELLER

12.01 The Seller shall render its accounts monthly and Hydro will, within twenty (20) days after the date of receiving such account, make payment in lawful money of Canada at the appointed office of the Seller or by means of direct deposit into a Canadian bank account of the Seller.

12.02 The Seller shall submit to Hydro in writing every claim or counterclaim which the Seller may have or claim to have against Hydro arising under this Agreement before the last day of the month following the month in which such claim arose.

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12.03 The Seller shall be deemed to have waived all rights for the recovery of any claim or counterclaim which shall not have been submitted to Hydro pursuant to and in accordance with Clause 12.02.

ARTICLE 13 ARBITRATION

13.01 If any claim made by the Seller in accordance with Clause 12.02, or any amount determined by the auditors pursuant to Clause 2.06, is not agreed to by both parties, the matters in dispute may, subject to Clause 13.06, be submitted, within two months from the time the claim arose, for decision to a board of arbitrators consisting of three members, one to be named by each party to this Agreement and the third to be named by the two arbitrators so chosen, and the decision of any two members of the board of arbitrators shall be final and binding upon both parties.

13.02 The charges of the third member of a board of arbitrators who shall be the chairperson of that board, shall be borne by the losing party, and the parties shall bear the costs or charges of their own appointees.

13.03 If the two appointees of the parties are unable to agree upon the third arbitrator or chairperson, the chairperson shall be appointed upon application of either party to the Trial Division of the Supreme Court of Newfoundland or a judge of that Division.

13.04 The period of delay for appointment by the parties to this Agreement of their respective nominees shall be seven days after notification by the other party to this Agreement of its nominee, and the period for agreement by the two nominees on the chairperson shall be ten days.

13.05 The provisions of the *Arbitration Act*, Chapter A - 14 of the Revised Statutes of Newfoundland, 1990, as now or hereafter amended shall apply to any arbitration held pursuant to this Article 13.

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13.06 The provisions of this Article 13 from and including Clause 13.01 to and including Clause 13.05 shall not be applied to or in respect of any dispute involving or arising out of

- (a) the interpretation of this Agreement;
- (b) any matter of laws; or
- (c) any matter of mixed law and fact.

ARTICLE 14

MODIFICATION OF AGREEMENT AND ADDITION OF APPENDICES

14.01 Any amendment, change or modification of this Agreement shall be binding upon the parties hereto or either of them only if such amendment, change or modification is in writing and is executed by each of the parties to this Agreement by its duly authorized officers or agents and in accordance with its regulations or by-laws.

14.02 Prior to March 31, 1995, the parties shall agree upon the form and content of Appendix "A" and Appendices "C" to "E", which are listed at the end of this agreement, and all Appendices to this Agreement shall become incorporated hereto and shall be binding upon the parties as part of this Agreement.

ARTICLE 15

SUCCESSORS AND ASSIGNS

15.01 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns, but it shall not be assignable by the Seller without the written consent of Hydro, which consent shall not be unreasonably withheld, provided always that the assignee or purchaser demonstrates to Hydro's satisfaction that it

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has the capability to manage, operate, maintain and repair the Facility and agrees to be bound by this Agreement and all ancillary agreements. In no event shall Hydro be required to permit the assignment of this Agreement to any regulated utility or, a corporate affiliate of a regulated utility. If the Seller is a corporation, the Seller may not permit its Facility or its shares to be held by, or to be assigned to, any regulated utility or, a corporate affiliate of a regulated utility.

ARTICLE 16

APPLICABLE LAW AND FORUM

16.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 17

ADDRESS FOR SERVICE

17.01 Subject to Clauses 17.02 and 17.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either of the parties hereto shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally delivered, or sent by prepaid telegram or facsimile transmission, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to

The Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, Newfoundland
Canada. A1B 4K7
FAX: (709) 737-1782

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or

(b) on the Seller, to

Algonquin Power Corporation Inc.
2085 Hurontario Street
Suite 210
Mississauga, Ontario
L5A 4G1

Attention: Project Manager

17.02 Any notice, request or other instrument given, made or served as provided in Clause 17.01 shall be deemed to have been received by the party hereto to which it is addressed, if personally served on the date of delivery, or if mailed three days after the time of its being so mailed, or if sent by prepaid telegram or facsimile transmission, one day after the date of sending.

17.03 Either of the parties hereto may change the address to which a notice, request or other instrument may be sent to it by giving to the other party to this Agreement notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 17.01 to such party at the new address.

ARTICLE 18

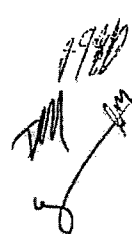
INTERPRETATION

18.01 In the event that any provision of this Agreement is ruled to be invalid by any court of competent jurisdiction, it shall be severable from the remainder of the Agreement and the remainder of the Agreement shall remain effective and unaffected by the invalid provision.

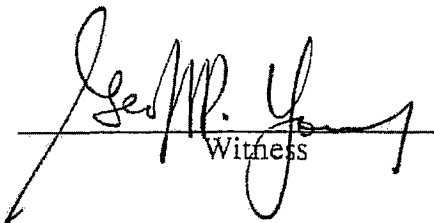
18.02 All previous communications or agreements between the parties, whether verbal or written are hereby abrogated except where such agreements or communications

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are expressly referred to or incorporated in this Agreement and in any such a case, they shall be relevant to the interpretation of this Agreement only to the extent and for the purposes for which they have been referred to herein.


 IN WITNESS WHEREOF Newfoundland and Labrador Hydro and Algonquin Power Corporation ^(Rattlebrook) Inc. have each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

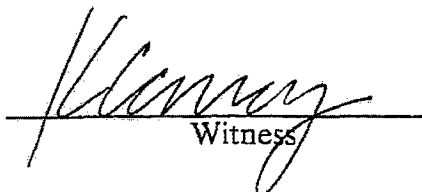
THE CORPORATE SEAL of the
Newfoundland and Labrador
Hydro-Electric Corporation
was hereunder affixed in
the presence of:


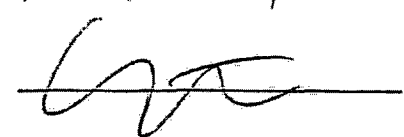

Witness


President + CEO


Vice-President, Corporate Planning

 DULY EXECUTED by Algonquin Power Corporation ^(Rattlebrook) Inc. in accordance with its Regulations or By-Laws in the presence of:


Witness

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APPENDICES

APPENDIX "A"..... SCHEDULE, DESIGNS, PLANS AND SPECIFICATIONS

APPENDIX "B"..... PRICING FORMULA

APPENDIX "C"..... INTERCONNECTION PLANT

APPENDIX "D"..... METERING/LOSSES ADJUSTMENT

APPENDIX "E"..... OPERATING PROCEDURES

APPENDIX "F"..... LETTER OF CREDIT

APPENDIX B

This appendix defines the variables required to calculate the Capacity, Energy, and Energy adjustment payments according to the formulas given in Clauses 2.02 and 2.03 of this Agreement.

B.1 Calculation of Variable CFACT

The variable CFACT is an escalation factor based upon the "Hydro Electric Generating Stations - Total Index" (D696201) as published by Statistics Canada in Catalogue 62-007, Construction Price Statistics.

$$CFACT = \left(\frac{HEGS_{I-1}}{HEGS_{1992}} \right) \times \left(1 + \left(\frac{M}{12} \times \frac{HEGS_I - HEGS_{I-1}}{HEGS_{I-1}} \right) \right)$$

- Where
- I - is the year of the Scheduled In-Service Date.
 - M - is the month of the earlier of the Commercial In-Service Date and the Scheduled In-Service Date.
 - $HEGS_I$ - is the value of the Hydro Electric Generating Stations - Total Index defined above for the end of the year of the Scheduled In-Service Date.
 - $HEGS_{I-1}$ - is the value of the Hydro Electric Generating Stations - Total Index defined above for the end of that year which is one year prior to the year of the Scheduled In-Service Date.
 - $HEGS_{1992}$ - is the value of the Hydro Electric Generating Stations - Total Index defined above for the end of the year 1992.

B.2 Rebasing and Revision of Variable CFACT

In the event that the Hydroelectric Generating Stations - Total Index defined in B.1 is revised or based to a year other than 1986, the following formula will be used to determine CFACT.

$$CFACT = \left(\frac{HEGS_{I-1 \text{ rev}}}{HEGS_{1992 \text{ rev}}} \right) \times \left(1 + \left(\frac{M}{12} \times \frac{HEGS_{I \text{ rev}} - HEGS_{I-1 \text{ rev}}}{HEGS_{I-1 \text{ rev}}} \right) \right)$$

Where I - is as defined above.

M - is as defined above.

$HEGS_{1992 \text{ rev}}$ - is the revised or rebased as the case may be, value of the Hydroelectric Generating Stations - Total Index defined in B.1 for the end of the year 1992. If the statistic has not been revised, the $HEGS_{1992}$ statistic will be used.

$HEGS_{I-1 \text{ rev}}$ - is the revised or rebased value as the case may be, of the Hydroelectric Generating Stations - Total Index defined in B.1 for the end of that year which is one year prior to the year of the Scheduled In-Service Date. If the statistic has not been revised, the $HEGS_{I-1}$ statistic will be used.

$HEGS_{I \text{ rev}}$ - is the revised or rebased value as the case may be, of the Hydroelectric Generating Stations - Total Index defined in B.1 for the end of the year of the Scheduled In-Service Date. If the statistic has not been revised, the $HEGS_I$ statistic will be used.

B.3 Calculation of Variable EFACT

The variable $EFACT_i$ is an escalation factor based upon the "Consumer Price Index, All Items" (Table 3), as published by Statistics Canada in Catalogue 62-001, The Consumer Price Index.

$$EFACT_i = \prod_{y=1994}^i ESC_y$$

Subject To

$$ESC_y = \begin{cases} \frac{CPI_{y-1}}{CPI_{y-2}} & \text{if } \frac{CPI_{y-1}}{CPI_{y-2}} \leq 1.06 \\ 1.06 & \text{if } \frac{CPI_{y-1}}{CPI_{y-2}} > 1.06 \end{cases}$$

Where i - is as defined in Clause 2.03.

CPI - is the annual average value for December of the Consumer Price Index as defined above at the date indicated for the corresponding subscript.

$$\prod_{y=1994}^i ESC_y \text{ is equivalent to } ESC_{1994} \times ESC_{1995} \times \dots \times ESC_i$$

EFACT_i is to take effect January 1 of year i and is to be in force until January 1 of the following year except in the event of statistic revisions or rebasing. In the event that the statistics for year i are unavailable as of January 1st of year i , the EFACT for the preceding year shall continue to remain in effect until the statistics become available and are included in the Energy escalation formulation. At that time, a retroactive adjustment A_i will be made by the party benefitting from the difference in price to the other party to compensate for the incremental change in escalated Energy payments for the period mentioned above. The adjustment A_i will be determined by the formula set forth below.

$$A_i = S_i \times (EFACT_i - EFACT_{i-1}) \times EC$$

Where S_i - is the energy sold to Hydro by the Seller during the period described above.

EC - is as defined in Clause 2.03.

If A_i is greater than zero, Hydro will reimburse the Seller. If A_i is less than zero, the Seller will reimburse Hydro.

B.4 Rebasing and Revision of Variable EFACT_i

In the event that the Consumer Price Index defined in B.3 is revised or rebased to a year other than 1986, the following formula will be used to determine EFACT_i.

$$EFACT_i = \prod_{y=1994}^i ESC_{y \text{ rev}}$$

Subject To

$$ESC_{y \text{ rev}} = \begin{cases} \frac{CPI_{y-1 \text{ rev}}}{CPI_{y-2 \text{ rev}}} & \text{if } \frac{CPI_{y-1 \text{ rev}}}{CPI_{y-2 \text{ rev}}} \leq 1.06 \\ 1.06 & \text{if } \frac{CPI_{y-1 \text{ rev}}}{CPI_{y-2 \text{ rev}}} > 1.06 \end{cases}$$

Where i - is as defined in Clause 2.03.

CPI_{rev} - is the revised or rebased value of the Consumer Price Index as defined in B.3 for the date indicated by the corresponding subscript.

B.5 Compensation for Rebasing or Revisions of Variables CFACT and EFACT

If a published value of the Hydro Electric Generating Stations - Total Index or of the Consumer Price Index, All Items, is revised or is found by the publisher thereof to be erroneous, and if a correction of such index is published, then a retroactive payment shall be made by the party benefitting from the difference in price to the other party. The payment will be retroactive for a period of twelve months from the date of the publication of the correction, and will be equal to the difference in payments made and the payments that should have been made as a result of the change.

Appendix "F": Letter of Credit

(Bank)

(Date)

To: Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place
St. John's, Newfoundland
Canada A1B 4X7

Irrevocable Standby Documentary Credit

Ref. No. _____

Pursuant to the request of our customer _____
(hereinafter called Seller) we hereby establish an Irrevocable Standby
Documentary Credit in your favour, in connection with performance of require-
ments stipulated in Agreement for the Sale of Power and Energy, for a sum not
exceeding a total of C\$ _____ (
Canadian Dollars).

All or part of the amount under this Credit is payable to you on demand upon
presentation of your drafts at sight drawn on the Bank of Nova Scotia, Water
Street Branch, St. John's, Newfoundland, Canada.

The effective date of this Credit is _____. This Credit will expire
at our office at _____ on _____.

All of your drafts drawn under and in compliance with the terms of this
Credit will be honored if duly presented at before-said branch office of the
Bank of Nova Scotia on or before the expiration date notwithstanding any
notice that may be given by the Seller or any other party or person to us not
to pay the same.

After the expiration date, we shall not have any further liability to
Newfoundland and Labrador Hydro.

This Credit is subject to the Uniform Customs and Practice for Documentary
Credits (1983 Revision, International Chamber of Commerce, Paris, France,
Publication No. 400).

Yours very truly,

for _____
(Bank)

**Addendum to Agreement for Non-Utility
Generated Power and Energy**

This Addendum made in duplicate at St. John's in the Province of Newfoundland, on the
1 st day of May A.D., 2009.

BETWEEN: **ALGONQUIN POWER CORPORATION (RATTLE
BROOK) PARTNERSHIP**, a general partnership organized
and existing under the laws of the Province of Newfoundland
comprised of and acting by its sole partners, Algonquin
Power (Rattle Brook) Inc. and 10640 Newfoundland Limited

(hereinafter referred to as the "Seller")

OF THE FIRST PART

AND: **NEWFOUNDLAND AND LABRADOR HYDRO** existing
pursuant to the *Hydro Corporation Act*, Chapter H - 16 of the
Revised Statutes of Newfoundland and Labrador, 1990

(hereinafter referred to as "Hydro")

OF THE SECOND PART

WHEREAS Algonquin Power Corporation (Rattle Brook) Inc. and Hydro entered into an
agreement dated January 3, 1995 whereby Algonquin Power Corporation (Rattle Brook)
Inc. would sell and Hydro would purchase all the electrical power and energy from a
4,000 kW (kilowatt) non-utility hydro-electric generating station situated at Rattle Brook
on the island of Newfoundland (the "Original Agreement");

AND WHEREAS by an instrument of Assignment between Algonquin Power
Corporation (Rattle Brook) Inc., the Seller and Hydro, dated November 20, 1998, all of

the rights and obligations existing under the Original Agreement held and binding upon by Algonquin Power Corporation (Rattle Brook) Inc. was assigned to the Seller;

AND WHEREAS the Seller proposes to increase the capacity of its Rattle Brook hydro-electric plant from 4,000 kW to 7,000 kW ("Expansion Facility") and Hydro has agreed to buy the additional capacity in accordance to the provisions of this Addendum and of the Original Agreement;

NOW THEREFORE the parties hereto each in consideration of the premises and of the covenants, agreements and declarations made herein by the other covenant, agree and declare as follows:

ARTICLE 1 INTERPRETATION

1.01 In this Addendum, unless the context otherwise requires,

- (a) "Addendum" means this addendum to the Original Agreement.
- (b) "Additional Energy" means Energy generated by the Seller at its Facility in any 15-minute interval which is greater than the Original Installed Capacity multiplied by 0.25 hours and not greater than the maximum Additional Installed Capacity of 3,000 k W multiplied by 0.25 hours;
- (c) "Additional Installed Capacity" means the nameplate capacity of the Seller's additional generating equipment (G2) and, for the purpose of this Addendum, shall be deemed to be that capacity produced from the Facility greater than 4,000 kW and less than 7,000 kW;
- (d) "Additional Interconnection Plant" means that equipment and plant at the Interconnection Point which Hydro will install, operate and maintain, as is more particularly described in Appendix "C" of this Addendum.

- (e) "Capacity" means the same as Power defined in paragraph 1.01 (k);
- (f) "Energy" means the amount of electricity generated and delivered during a given period of time and measured in kilowatt hours (kWh);
- (f) "Facility" means all the Seller's generating and transmission plant and associated equipment located at or near the site of its generation plant at Rattle Brook, used to provide Power and Energy to Hydro pursuant to the Original Agreement and Addendum;
- (g) "Good Utility Practice" means those practices, methods or acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in Canada) that at a particular time, in the exercise of reasonable judgment, would be expected to accomplish the desired result in a manner which is consistent with laws and regulations and due concerns;
- (h) "Month" means calendar month;
- (i) "Original Agreement" means the Agreement for Non-Utility Generated Power and Energy between Algonquin Power Corporation (Rattle Brook) Inc. and Hydro made on January 3, 1995 and assigned to the Seller on November 20, 1998;
- (j) "Original Installed Capacity" means the nameplate capacity of the Seller's original generating plant at Rattle Brook and for the purposes of this agreement shall be deemed to be 4,000 kW;
- (k) "Power" means the amount of electrical power delivered at any time and is measured in kilowatts (kW).

- 1.02 This Addendum shall become binding upon execution and shall remain in effect until the termination of the Original Agreement.
- 1.03 The Original Agreement remains in full force and effect and this Addendum supplements the Original Agreement as set out herein. In the event of a conflict between the Addendum and the Original Agreement, the terms of the Original Agreement shall govern.
- 1.04 In the event that any provision of this Addendum is ruled to be invalid by any court of competent jurisdiction, it shall be severable from the remainder of the Addendum and from the Original Agreement. The remainder of the Addendum and Original Agreement shall remain effective and unaffected by the invalid provision

ARTICLE 2 PURCHASE OF POWER AND ENERGY

- 2.01 Under this Addendum, Hydro agrees to buy and the Seller agrees to sell all Additional Energy delivered to Hydro at the Interconnection Point. All other Energy other than Additional Energy shall continue to be purchased by Hydro pursuant to the Original Agreement.
- 2.02 The payments to be made for Additional Energy in each month during the Term of this Addendum shall be based upon the following prices and formula:

$$AEP_j = AE_j \times PP \times \frac{WESC_i}{WESC_{2007}}$$

- where
- | | |
|---------|---|
| i | is the calendar year in which month j falls; |
| AEP_j | is the total payment for Additional Energy for Month j; |
| AE_j | is the Additional Energy purchased under this Addendum by Hydro from the Seller in month j; |

- PP is the agreed Energy purchase price of \$0.0696 per kWh;
- WESC_i is the Energy purchase price escalation factor as set out in Appendix "B";
- WESC₂₀₀₇ is the Energy purchase price escalation factor as set out in Appendix "B";

ARTICLE 3 METERING FOR ADDITIONAL ENERGY

3.01 The metering equipment and meters to register the amount of Additional Energy to be purchased by Hydro under this Addendum shall be furnished and installed by Hydro and, if required to be located on the Seller's premises, the metering equipment will be installed in a suitable place provided by the Seller, in such manner as to register accurately the total amount of Additional Energy purchased by Hydro. All costs associated with the supply, installation and maintenance of meters and metering equipment shall be borne by the Seller. Subject to Good Utility Practice, Hydro will endeavour to keep metering costs to their minimum.

3.02 The metering equipment and meters to register the amount of Power and Energy to be sold by Hydro to the Seller shall be furnished and installed by Hydro, and if required to be located on the Seller's premises, will be installed in a suitable place provided by the Seller, in such a manner as to register accurately the total amount of Power and Energy sold to the Seller by Hydro.

3.03 The metering equipment required under Clauses 3.01 and 3.02 shall be of a type approved for revenue metering by the appropriate department of the Government of Canada.

3.04 Where practical the metering equipment required under Clauses 3.01 and 3.02 will be installed at the Interconnection Point. Where necessary, adjustments will be

made to all meter readings to account for transformer, transmission and distribution line losses between the metering point and the Interconnection Point. The method of adjustment is set forth in the Appendix "D" which is incorporated into this Addendum.

3.05 Authorized employees of Hydro and officials acting on behalf of the appropriate department of the Government of Canada shall have the right of access at all reasonable times for the purpose of reading, inspecting, testing, and repairing the meters installed pursuant to Clauses 3.01 and 3.02 hereof. However, the said authorized employees shall not interfere with the operations of the Seller except to the extent such interference is required as a result of the work being performed.

3.06 The Seller shall have the right, at its own expense, to install, equip and maintain check meters adjacent to Hydro's meters.

3.07 The Seller shall provide metering on the output terminals of its generators to record the Additional Energy produced by each generating unit during any 15 – minute interval. These meters may be relied upon by the parties in the event that the other metering, required by Clause 3.01, fails.

3.08 Should any meter required under Clause 3.01 fail to register accurately, the Seller may charge for the Additional Energy supplied during the period when the registration was inaccurate either

- (a) on the basis of the amount of Power and Energy measured at the output terminals of its generators during the period of alleged inaccurate registration with appropriate adjustments for losses and the internal use of the Seller; or
- (b) on the basis of the amount of Power and Energy supplied as established by available evidence,

whichever basis appears most fair and accurate.

3.09 The billing period for each Month shall commence at noon on the last day of the previous month.

ARTICLE 4 ADDITIONAL INTERCONNECTION COSTS

4.01 An estimate of all costs to be incurred by Hydro to interconnect the Additional Installed Capacity shall be paid by the Seller in advance of any construction for the interconnection. The Seller shall pay Hydro for the interconnection within 30 days of being invoiced for same. Hydro shall, in its sole discretion, determine where such interconnection shall occur. The Additional Interconnection Plant shall be as set out in Appendix "C" which shall form part of this Addendum.

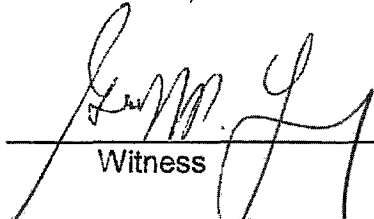
4.02 The Seller shall pay to Hydro all costs that Hydro incurs to operate and maintain, according to Good Utility Practice, the Additional Interconnection Plant. These costs shall include any amounts required to operate, maintain, inspect, repair, replace or upgrade the Additional Interconnection Plant and may include Hydro's costs of materials, labour, travel, and other reasonably incurred expenses. These costs may comprise either or both of Hydro's costs to perform the service or the costs of a contractor retained by Hydro to perform this work. These interconnection operation and maintenance costs shall be paid by the Seller within thirty days of being billed for the same by Hydro or Hydro may, in its sole discretion, deduct such costs from the payments for Additional Energy due to the Seller under this Addendum.

4.03 Should there be any incentive payments made to the Seller by the Governments of Canada or Newfoundland and Labrador, or any agency of either of them (except for payments, if any, made to Seller pursuant to the current ecoENERGY for Renewable Power Program, which payments shall be solely for the benefit of the Seller), 50% of all such amounts paid to the Seller pursuant to the Addendum in respect of the Additional Installed Capacity shall be repaid to Hydro thirty (30) days following their receipt by the Seller.

4.04 Should there be any greenhouse gas or similar emission credits or other negotiable rights or interests arising from environmental attributes of either the ownership or operation of the Facility, they shall, during but limited to the Term of this Addendum in respect of and to the extent of the Additional Installed Capacity, be vested in Hydro to be assigned, traded, retained, or otherwise dealt with in any manner as Hydro may in its sole discretion determine.

IN WITNESS WHEREOF Newfoundland and Labrador Hydro and Algonquin Power Corporation (Rattle Brook) Partnership have each executed this Addendum by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.


THE CORPORATE SEAL of
Newfoundland and Labrador
Hydro was hereunder
affixed in the presence of:




Witness


DULY EXECUTED by
Algonquin Power Corporation (Rattle Brook)
Partnership Acting by its sole partners
in the presence of:


Witness



VP Ops.


General Counsel & Corporate Secretary





APPENDICES

APPENDIX "A".....DESIGNS, PLANS, SPECIFICATIONS AND COMMISSIONING

APPENDIX "B"..... PRICING FORMULA

APPENDIX "C"..... ADDITIONAL INTERCONNECTION PLANT

APPENDIX "D"..... METERING/LOSSES ADJUSTMENT

**APPENDIX A – DESIGN, PLANS, SPECIFICATIONS AND COMMISSIONING
RATTLE BROOK HYDRO DEVELOPMENT ADDENDUM
OCTOBER, 2008**

This appendix defines the detailed design, plans, specifications and commissioning procedures which the Seller shall deliver to Hydro for review, as stated in paragraph 5.01 of Article 5 of the Original Agreement. Three copies of all materials requested shall be submitted for review.

Project Schedule

- A.1 The project schedule shall include, as appropriate, the manufacturing, construction startup, testing and commissioning activities associated with the following:
- turbine/generator set
 - switchgear and generator transformer
 - remote control facilities

Drawings

- A.2 General
- .1 site layout
 - .2 powerhouse and terminal station layout
- A.3 Mechanical
- .1 turbine/generator set assembly
 - .2 major auxiliary equipment.
- A.4 Civil
- .1 powerhouse and tailrace

Test and Commissioning Procedures (Shop and Field)

- A.10 Mechanical
- .1 turbine, generator, governor

**APPENDIX A – DESIGN, PLANS, SPECIFICATIONS AND COMMISSIONING
RATTLE BROOK HYDRO DEVELOPMENT ADDENDUM
OCTOBER, 2008**

A.11 Protection and Control and Electrical

- .1 switchgear including protection and control functions
- .2 synchronizing to system
- .3 on line testing (load rejections, maximum power, turbine operating rough spots)
- .4 terminal station equipment
- .5 plant remote control and data acquisition

Other

- A.12 design brief for hydrologic assessment
- A.13 water release agreement
- A.14 approved environmental assessment document (EIS or EPR)
- A.15 penstock waterhammer analysis and calculation of governor timing
- A.16 any other information deemed necessary during the review process

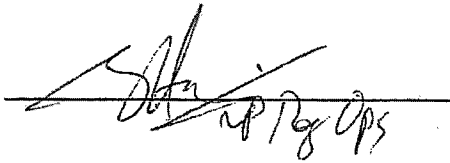
Submission Dates

All information listed in this appendix shall be provided in a timely fashion. The project schedule shall be submitted no later than July 1, 2009. Revisions to the schedule shall be provided sufficiently in advance of the activities they describe to permit review and incorporation of mutually agreed changes. Drawings and specifications shall be submitted for review at least three weeks in advance of any equipment purchase or site construction. Test and commissioning procedures shall be submitted at least four weeks in advance of the respective test or commissioning activity. Hydro will require ten working days for the review of material submitted for approval.

**APPENDIX A – DESIGN, PLANS, SPECIFICATIONS AND COMMISSIONING
RATTLE BROOK HYDRO DEVELOPMENT ADDENDUM
OCTOBER, 2008**

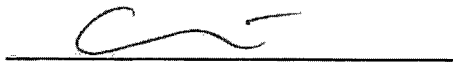
This Design, Plans, Specifications and Commissioning for the Rattle Brook Hydro Project Addendum shall be incorporated as appendix "A" to the "Addendum for Non-Utility Generated Power and Energy" between Algonquin Power Corporation (Rattle Brook) Partnership and Newfoundland and Labrador Hydro dated May 1st, 2009.

For Newfoundland and Labrador Hydro:



2009-05-06
Date

For Algonquin Power Corporation (Rattle Brook) Partnership



MAY 1, 2009
Date

APPENDIX B – PRICING FORMULA
RATTLE BROOK HYDRO DEVELOPMENT ADDENDUM
OCTOBER, 2008

This appendix defines the variables required to calculate the Energy and Energy adjustment payments according to the formulas given in Clause 2.02 of this Addendum.

B.3 Calculation of the Variable WESC_i

The variable WESC_i is an escalation factor based upon the "Consumer Price Index for Canada, All Items", as published by Statistics Canada (CANSIM Series V41693271). In the event that the CANSIM Series reference is changed, it shall be replaced by another suitable indicator as agreed to by the Seller and Hydro.

$$WESC_i = \prod_{y=2007}^i ESC_y$$

Subject to

$$ESC_y = \left(\left(\frac{\left(\frac{CPI_{y-1}}{CPI_{y-2}} \right) - 1}{2} \right) + 1 \right) \text{ and will not exceed 1.03}$$

Where i is as defined in clause 2.02

y is a yearly variable

CPI is the annual average value of the Consumer Price Index as defined above for the year indicated for the corresponding subscript.

And

$$\prod_{y=2007}^i ESC_y \text{ is equivalent to } ESC_{2007} \times ESC_{2008} \times \dots \times ESC_i$$

APPENDIX B – PRICING FORMULA
RATTLE BROOK HYDRO DEVELOPMENT ADDENDUM
OCTOBER, 2008

WESC_i is to take effect January 1 of year i and is to be in force until January 1 of the following year except in the event of statistic revisions or rebasing. In the event that the statistics for year i are unavailable as of January 1st of year i, the WESC for the preceding year shall continue to remain in effect until the statistics become available and are included in the Energy escalation formulation. At that time, a retroactive adjustment A_i will be made by the party benefiting from the difference in price to the other party to compensate for the incremental change in Energy payments for the period mentioned above. The adjustment A_i will be determined by the formula set forth below.

$$A_i = S_i \times (WESC_i - WESC_{i-1}) \times PP$$

where S_i is the Energy sold to Hydro by the Seller during the period described above;

PP is as defined in clause 2.02;

If A_i is greater than zero, Hydro will reimburse the Seller. If A_i is less than zero, the Seller will reimburse Hydro.

B.4 Rebasing and Revision of Variable WESC_i

In the event that the Consumer Price Index defined in B.3 is revised or rebased, to a year other than 2007, the following formula will be used to determine WESC_i

$$WESC_i = \prod_{y=2007}^i ESC_y$$

subject to

$$ESC_y = \left(\left(\frac{\left(\frac{CPI_{y-1}}{CPI_{y-2}} \right) - 1}{2} \right) + 1 \right) \text{ and will not exceed } 1.03$$

Date _____

**APPENDIX C – ADDITIONAL INTERCONNECTION PLANT
RATTLE BROOK HYDRO DEVELOPMENT ADDENDUM
OCTOBER, 2008**

The following equipment is the Additional Interconnection Plant which shall be purchased, installed, maintained, operated and owned by Hydro to interconnect the G2 of Rattle Brook Hydro Development. The Seller shall pay for all costs related to the Additional Interconnection Plant as outlined in the Original Agreement.

1. Metering equipment excluding potential and current transformers used to meter Energy generated by the Sellers G2 generating unit.
2. Hydro Energy Management System hardware and software required to provide unit shutdown control and voltage control and monitoring of the Seller's G2 generating unit.

This Additional Interconnected Plant listing for the Rattle Brook Hydro Project shall be incorporated as Appendix "C" to the "Addendum for Non-Utility Generated Power and Energy" between Algonquin Power Corporation (Rattle Brook) Partnership and Newfoundland and Labrador Hydro dated May 1st, 2009.

For Newfoundland and Labrador Hydro:



2009-05-28
Date

For Algonquin Power Corporation (Rattle Brook) Partnership.



MAY 1, 2009
Date

**APPENDIX D – METERING/LOSSES ADJUSTMENT
RATTLE BROOK HYDRO DEVELOPMENT ADDENDUM
OCTOBER, 2008**

- D.1 The Metering Points for Energy Sales from the Seller to Hydro shall be on the 4.16 kV output terminals of the Seller's generators, G1 and G2, and for sales from Hydro to the Seller on the 4.16 kV side of the Seller's station service transformer.
- D.2 For each 15-minute demand interval the demand readings at the Metering Points shall be totaled to determine the Net Power produced from the Seller's Plant. The Net Power produced shall be the metered Power output of the Seller's generators less the metered Power on the station service transformer.
- D.3 An adjustment in accordance with D.4 shall be made to the Net Power Produced to account for losses between the Metering Points and the Interconnection Point. The Interconnection point is at the TL253 side of the Seller's 69 kV breaker at the Rattle Brook Station.
- D.4 For each 15-minute demand interval the Net Power Produced shall be decreased by the following amounts to determine billing quantities:
- (i) No-Load losses of the Seller's 69/4.16 kV transformer at Rattle Brook (RBKT1_{NL}) provided by the transformer manufacturer expressed in kilowatts; and
 - (ii) Load losses of the Seller's 69/4.16 kV transformer at Rattle Brook calculated using the following transformer load loss calculation (for T1 only):

$$RBKT1_{LL} = RBKT1_{LL\ RATED} \times (KW_{NET\ POWER} \times 1.1)^2 / (RBKT1_{KVA\ RATED})^2$$

- Where: RBKT1_{LL} is the Rattle Brook T1 load losses in kW;
- RBKT1_{LL RATED} is the load losses of the Rattle Brook T1 at its rated kVA load measured in kW;
- KW_{NET POWER} is the Net Power Produced calculated for the 15-minute demand interval in kW;
- 1.1 assumed ratio of kVA to kW;
- RBKT1_{KVA RATED} is the Rattle Brook T1 rated kVA load.

Therefore the demand at the Interconnection Point shall be as follows:

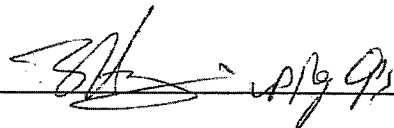
$$KW_{INTERCONNECTION\ POINT} = KW_{NET\ POWER} - RBKT1_{NL} - RBKT1_{LL}$$

**APPENDIX D – METERING/LOSSES ADJUSTMENT
RATTLE BROOK HYDRO DEVELOPMENT ADDENDUM
OCTOBER, 2008**

- D.5 The sum of all positive demands at the Interconnection Point for the month divided by four (4) shall be the Energy sold to Hydro by the Seller for the month.
- D.6 The sum of all negative demands at the Interconnection Point for the month divided by four (4) shall be the Energy sold to the Seller by Hydro for the month.
- D.7 The maximum negative 15-minute demand at the Interconnection Point for the month shall be the Seller's maximum demand for Power sold to the Seller by Hydro for the month.

This Metering Losses / Adjustment for the Rattle Brook Hydro Project shall be incorporated as Appendix "D" to the "Original Agreement" and to the "Addendum for the Non-Utility Generated Power and Energy" between Algonquin Power Corporation (Rattle Brook) Partnership and Newfoundland and Labrador Hydro dated May 1st, 2009.

For Newfoundland and Labrador Hydro



2009-05-08
Dated

For Algonquin Power Corporation (Rattle Brook) Partnership



MAY 1, 2009
Dated

Agreement for the Purchase and Sale of Power and Energy

This Agreement made in duplicate at St. John's in the Province of Newfoundland and Labrador, the 21st day of December, A.D., 2006.

BETWEEN:

NeWind Group Inc.,
a body corporate duly organized and existing
under the laws of Newfoundland and Labrador,
(hereinafter referred to as the "Seller")

OF THE FIRST PART

AND:

NEWFOUNDLAND AND LABRADOR HYDRO,
existing pursuant to the *Hydro Corporation Act*,
Chapter H-16 of the 1990 Revised Statutes of
Newfoundland and Labrador,
(hereinafter referred to as "Hydro")

OF THE SECOND PART

WHEREAS the Seller has responded to Request for Proposals 31315 OQ issued by Hydro for a Wind Generation Project;

AND WHEREAS among the proponents which responded to the aforementioned Request for Proposals, Hydro has selected the Seller and Hydro and the Seller wish to enter into an Agreement which sets forth the terms and conditions upon which the sale and purchase of power and energy will be undertaken;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto each, in consideration of the premises and of the covenants, agreements and declarations made herein by the other, covenant, agree, declare as follows:

ARTICLE 1
INTERPRETATION AND TERM OF THE AGREEMENT

- 1.01 In this agreement, unless the context otherwise requires,
- a) "Agreement" means this agreement for the sale and purchase of Power and Energy as restated herein;
 - b) "Commercial In-Service Date" is that date which follows the day upon which not less than 75% of the Facility's intended installed capacity of 27,000 kW is demonstrated to Hydro's reasonable satisfaction to

be capable of operating to deliver Power and Energy into the Interconnected Grid as provided in this Agreement;

- c) "Contract Year" means any twelve-month period during the Term of this Agreement starting from the Commercial In-Service Date or any anniversary thereof;
- c) "Energy" means the amount of electricity generated and delivered during a given period of time and measured in kilowatthours (kWh);
- d) "Facility" means all the Seller's generating and transmission plant and associated equipment, with 27,000 kW of installed generating capacity, located or to be located at or near the site of its wind powered turbines and connecting with the Interconnected Grid used to provide Power and Energy to Hydro pursuant to this Agreement;
- e) "Good Utility Practice" means those practices, methods or acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in Canada with respect to Wind farms) that at a particular time, in the exercise of reasonable judgment, would be expected to accomplish the desired result in a manner which is consistent with laws and regulations and due concerns for reliability, safety, environmental protection, economy and expedition;
- f) "Interconnected Grid" means the interconnected transmission and distribution system situated on the island part of the Province and owned by Hydro or by Newfoundland Power Inc. ("NP");
- g) "Interconnection Plant" means that equipment and plant at the Interconnection Point which Hydro or NP will install, operate and maintain, as will be more particularly described in Appendix C to this Agreement;
- h) "Interconnection Point" means that point where the Facility connects to the Interconnected Grid;
- i) "Lender" and "Lenders" means the one or more financial institutions, or a syndicate of financial institutions, providing Project Financing and any refinancing thereof from time to time, to the Seller or to any permitted assignee;
- j) "Month" means a calendar month;
- k) "NP" means Newfoundland Power Inc.;

- l) "Power" means the amount of electrical power generated and delivered at any time and is measured in kilowatts (kW);
- m) "Project Financing" means, and refers to the principal monies together with all associated interest, indebtedness and other amounts which may be borrowed or incurred either before the Facility start of operation or after start of operation by Seller or any permitted assignee or advanced thereto by Lender for the construction, development and bringing into operation of the Facility, and all security issued in respect thereof and the financing from time to time, of debt obligations originally incurred to finance or refinance such costs;
- n) "Province" means the Province of Newfoundland and Labrador;
- o) "Regulated Utility" and "Regulated Public Utility" means a public utility regulated under the laws of Canada or under the laws of Newfoundland and Labrador;
- p) "Site" means the location of the Facility and includes all land owned or leased, or to which the Seller holds an easement, for the purposes of the Facility and connected with the objects of this Agreement;
- q) "Term" means that period that commences on the Commercial In-Service Date and ends on the twentieth anniversary of the Commercial In-Service Date.

1.02 This Agreement shall become binding upon execution and, subject to the early termination provisions contained herein, shall remain in effect until the twentieth anniversary of the Commercial In-Service Date.

ARTICLE 2

PURCHASE OF POWER AND ENERGY

2.01 Hydro agrees to pay for, and the Seller agrees to sell to Hydro at the Interconnection Point such Energy made available or capable of being made available by the Seller, subject to the provisions of Article 6, from the Facility before the Commercial In Service Date and throughout the Term of this Agreement and Hydro shall not reduce or refuse delivery of any such Energy at any time except to the extent permitted by the express terms of the Agreement.

2.02 The payments to be made for Energy in each month during the Term of this Agreement shall be based upon the following prices and formula:

$$EP_j = E_j \times ((FER \times FERe) + (OMER \times OMe_i))$$

where j is the month for which payment is payable;
 i is the calendar year in which month j falls;
 EP_j is the total payment for Energy for Month j ;
 E_j is the Energy purchased under this Agreement by Hydro from the Seller in month j ;
 FER is the fixed price component as stated in Article 2.03;
 $FERe$ is the fixed price component escalation factor as defined in Appendix F;
 $OMER$ is the operating and maintenance price component as stated in Article 2.03; and
 OMe_i is the operating and maintenance component escalation factor as defined in Appendix F.

2.03 The components of the purchase price for Energy shall be calculated based upon the following rates with escalation/de-escalation, as applicable, from January 1, 2007:

Fixed Energy Component (FER)	\$0.0536 / kWh
Operating and Maintenance Component (OMER)	\$0.0134 / kWh

2.04 Should there be any greenhouse gas or similar emission credits or other negotiable rights or interests arising from environmental attributes of either the ownership or operation of the Facility, they shall, during but limited to the Term of this Agreement, be vested in Hydro to be assigned, traded, retained or otherwise dealt with in any manner as Hydro may in its sole discretion determine.

- 2.05 (a) Should there be any incentive payments made to the Seller by the Governments of Canada or Newfoundland and Labrador, or any agency of either of them, such as, but not limited to, the Wind Power Production Incentive Program (WPPI), 75% of all such amounts paid to the Seller shall be repaid to Hydro thirty (30) days following their receipt by the Seller.
- 2.05 (b) The Seller shall make all reasonable efforts and incur all reasonable costs to obtain and retain certification for the Facility and the sales of Energy therefrom, from the appropriate department or agency of the Government of Canada or other entity recognized thereby as being so empowered (such as EcoLogo^M certification under the Environmental Choice^M program managed by Terra Choice Environmental Services Inc.), as providing "Green Power" or such similar designation as may be required for the Facility to qualify and remain entitled to applicable and available incentive funding.

ARTICLE 3 METERING

3.01 The metering equipment and meters to register the amount of Power and Energy to be purchased by Hydro under this Agreement shall be furnished and installed by Hydro and, if required to be located on the Seller's premises, the metering equipment will be installed in a suitable place provided by the Seller, in such manner as to register accurately the total amount of Power and Energy, net of station services, to be purchased by Hydro. All costs associated with the supply, installation and maintenance of meters and metering equipment shall be borne by the Seller. Subject to Good Utility Practice, Hydro will endeavour to keep metering costs to their minimum.

3.02 The Seller shall enter into an agreement with NP for the supply of Power and Energy required by the Seller for station service loads for the Facility when the Facility is not generating power and energy, which agreement may be subject to the jurisdiction of the Board of Commissioners of Public Utilities for the Province.

3.03 The metering equipment required under Clauses 3.01 and 3.02 shall be of a type approved for revenue metering by the appropriate department of the Government of Canada.

3.04 Where practical the metering equipment required under Clauses 3.01 and 3.02 will be installed at the Interconnection Point. Where necessary, adjustments will be made to all meter readings to account for transformer, transmission and distribution line losses between the metering point and the

Interconnection Point. The method of adjustment will be agreed to and set forth in Appendix B to be incorporated in this agreement.

3.05 Authorized employees of Hydro, NP and officials acting on behalf of the appropriate department of the Government of Canada shall have the right of access at all reasonable times for the purpose of reading, inspecting, testing, and repairing the meters installed pursuant to Clause 3.01 hereof. However, the said authorized employees shall not interfere with the operations of the Seller except to the extent such interference is required as a result of the work being performed, in which case, such interference shall be kept to the minimum amount of time necessary, all in accordance with Good Utility Practice.

3.06 The Seller shall have the right, at its own expense, to install, equip and maintain check meters adjacent to Hydro's and NP's meters.

3.07 The Seller shall provide metering at a suitable location at the Site to record the Power and Energy produced by the Facility. This metering may be relied upon by the parties in the event that the other metering, required by Clause 3.01, fails.

3.08 Should any meter required under Clause 3.01 fail to register accurately, the Seller may charge for Energy supplied during the period when the registration was inaccurate either

- (a) on the basis of the amount of Energy measured at the Site, by the meter referred to in Section 3.07, during the period of alleged inaccurate registration with appropriate adjustments for losses and the internal use of the Seller; or
- (b) on the basis of the amount of Energy supplied as established by available evidence, which ever basis appears most fair and accurate.

3.09 The billing period for each Month shall commence at noon on the last day of the previous Month.

ARTICLE 4

INTERCONNECTION COSTS

4.01 An estimate of all costs to be incurred by Hydro or NP to interconnect the Seller shall be paid by the Seller in advance of any construction for the interconnection. The estimate to be provided by Hydro to the Seller, and all payments and adjustments required by this Clause, shall be given from one party to the other in accordance with the schedule in Appendix A which shall form part of this Agreement. The Seller may provide the advance payment for the interconnection by providing an irrevocable letter of credit from a bank acceptable

to Hydro and in the form found in Appendix D. Upon the completion of the interconnection, an adjustment shall be made so that if the actual cost exceeds the estimate, the difference shall be paid by the Seller to Hydro within 30 days of receiving the invoice from Hydro with appropriate supporting documents, provided that the Seller shall not be required to pay more than twenty-five percent (25%) more than the estimated cost. If the actual cost is less than the estimate, the difference shall be reimbursed to the Seller by Hydro, within sixty (60) days of the completion of the work. The Interconnection Point shall be at such location that Hydro, upon consultation with NP, shall determine in accordance with Good Utility Practice. The Interconnection Plant shall be as set out in Appendix C which shall form part of this Agreement. For the purpose of administering this Clause, Hydro shall act as NP's agent and shall be empowered on its behalf to receive payments and to reimburse monies to the Seller.

4.02 The Seller shall pay to Hydro all reasonable costs that Hydro or NP incurs to operate and maintain for the purpose of the Facility, according to Good Utility Practice, the Interconnection Plant. These costs shall include any amounts required to operate, maintain, inspect, repair and, when prudent in accordance with Good Utility Practice, to replace or upgrade the Interconnection Plant (net of insurance recoveries, if any) and may include Hydro's or NP's costs of materials, labour, travel, and other reasonably incurred expenses. These costs may comprise any or all of Hydro's or NP's costs to perform the service or the costs of a contractor retained by Hydro or NP to perform this work. These interconnection operation and maintenance costs shall be paid by the Seller (i) within forty five days, if the total monthly invoiced cost is \$100,000 or less, and (ii) otherwise within ninety days, of being billed for the same by Hydro or, in the event such invoices are not paid as aforesaid, Hydro may, in its sole discretion, deduct such costs from the payments for Energy due to the Seller under this Agreement, provided that Seller shall pay interest to Hydro on any outstanding balance of such invoiced costs remaining unpaid thirty days after delivery of the invoice to Seller, at the prime rate of the Bank of Nova Scotia plus 2% until such balance is paid.

ARTICLE 5 SUBMISSION OF PLANS AND DESIGNS

5.01 The Seller shall deliver to Hydro for Hydro's written approval, the detailed design, plans, specifications and commissioning procedures for those aspects and portions of its Facility that Hydro has determined, in all cases consistent with Good Utility Practice, may impact the power quality or the reliable operation and safety of the Interconnected Grid. These detailed design, plans, specifications and commissioning procedures, and the timing of them and of the delivery of Hydro's approval, shall be more fully described and set out in the Appendix A to be added to this Agreement. In considering and approving any element of the detailed designs, plans specifications and commissioning

procedures, Hydro may consult with NP and may withhold its approval based upon the advice, information or reasonable concerns expressed to it by NP, in all cases consistent with Good Utility Practice.

5.02 The Seller shall construct and test its Facility in accordance with those approved detailed designs, plans, specifications and commissioning procedures provided to Hydro in accordance with Clause 5.01 in all cases consistent with Good Utility Practice. Any material alterations made to these designs, plans, specifications or commissioning procedures, or made to the Facility after the Facility has been constructed, shall be first approved in writing by Hydro and NP and such approval shall not be unreasonably withheld. Hydro and NP shall be permitted to be present to witness the Seller's commissioning activities and to inspect and test any of its equipment which may impact power quality or the reliable operation and safety of the Interconnected Grid. Hydro's and NP's right to inspect and test the Seller's equipment shall not relieve the Seller of the responsibility to properly maintain its equipment.

5.03 (a) In considering or approving any designs, plans, specifications, commissioning procedures or any permitted alteration thereto, neither Hydro nor NP makes any warranty, representation of adequacy whatsoever and neither assumes any responsibility towards the Seller or to any other party whomsoever. The approval or consideration by Hydro of any design, plan, specification or commissioning procedure shall in no way cause Hydro or NP to become liable for any loss occasioned by the Seller or by any party whomsoever and the Seller hereby agrees to indemnify and save Hydro harmless from all causes of action related to this Agreement, suits, demands, claims or legal proceedings, including legal costs, taken against Hydro or NP, or both, and arising in any way or manner from any investment, lending, guaranteeing or other participation in the Seller or its Facility, or in the construction or installation of any part of the Facility at the Seller's Site.

(b) Where a particular alteration or variation from the designs, plans, specifications, commissioning procedures or any permitted alteration thereto is made by the Seller to meet a requirement by Hydro for approval, paragraph 5.03(a) shall not apply to save Hydro harmless from liability approval where, and to the extent that, the loss is caused by Hydro's negligence as to that particular alteration or variation.

5.04 Hydro's and NP's review and consideration of the detailed design, plans, specifications and commissioning procedures of the Seller's plant and facilities are made without any representation, express or implied, about the economic or technical feasibility, safety, operational capability or reliability of the Seller's plant or facilities. The Seller shall not in any manner make any

representations to any third parties whatsoever, in a manner which is express or implied, as to conclusions reached or the results of the review and consideration by Hydro or NP concerning the economic or technical feasibility, safety, operational capability or reliability of the Seller's plant or facilities.

ARTICLE 6

UTILITY PRACTICES AND OPERATING STANDARDS

6.01 The Seller shall at all times during the Term of this Agreement operate and maintain its Facility in accordance with Good Utility Practice.

6.02 The Seller shall follow appropriate operating procedures and power quality guidelines. These procedures and guidelines shall include those set forth in the Appendix E, which shall be incorporated hereto and which procedures have been agreed to by the parties, as modified from time to time by the mutual agreement of the parties. Operating procedures will, among other things, provide for routine switching operations; scheduled maintenance; emergencies, including forced outages and unexpected contingencies; and for communications between Hydro and the Seller and between NP and the Seller. These procedures are required to enable Hydro or NP, or both, to exercise control, when needed to ensure power quality, system safety, security and reliability over the flow of Power and Energy from the Seller's Facility. Notwithstanding the existence of these procedures, when needed to ensure power quality, system safety, security and reliability, Hydro and NP shall have the right to exercise control of the circuit breakers at or near the Interconnection Point.

6.03 Except for abnormal operating conditions or other causes beyond Seller's reasonable control, variations from any nominal frequency or nominal voltage shall be within normal operating ranges for which the equipment is rated by the manufacturer. The Seller shall be responsible for installing protective equipment to protect its own property and operations from variations in frequency or voltage, temporary delivery of other than three-phase Power and Energy, or from other system disturbances from the Interconnected Grid. The Seller's Facility shall not automatically disconnect from the Interconnected Grid for variations in frequency from 58.0 to 62.0 Hz.

6.04 The Seller agrees to provide suitable transforming equipment and all other electrical equipment on its side of the Interconnection Point, including electrical equipment that Hydro or NP may reasonably deem necessary from time to time during the Term of this agreement, for the safe and secure operation of the Interconnected Grid, consistent with Good Utility Practice.

6.05 The Seller shall operate the Facility in accordance with Good Utility Practice so as to minimize disturbance or fluctuations on the Interconnected Grid, or interference with communications systems or control circuits of Hydro, NP or of any other third party. The Seller shall take remedial measures at its own expense by way of installing suitable apparatus or otherwise as may be necessary to reduce any disturbance or fluctuations or any interference with the communications systems or control circuits to a level acceptable to Hydro acting reasonably upon notification of any such problems by Hydro in writing. Without limiting the generality of Article 11 of this Agreement, the Seller shall indemnify Hydro from claims and demands made against Hydro by any third party in consequence of any failure of the Seller to perform its obligations under this Clause, except for claims resulting from Hydro's or NP's negligence or misconduct.

6.06 After the Commercial In-Service Date, Hydro or NP, or both, may install equipment on its system that automatically recloses circuit breakers following an interruption of Power and Energy supply so as to improve the continuity of the supply of Power and Energy in accordance with Good Utility Practice. Where Hydro or NP has installed such equipment, the Seller shall, at its own expense, provide adequate protective equipment for all its Facility that might be adversely affected by the operation of the reclosing equipment. The Seller shall also install such equipment as may be required in accordance with Good Utility Practice for the prompt disconnection of any of the Seller's equipment that might affect the proper functioning of the reclosing equipment. The Seller shall co-operate with NP and use its best efforts to establish from time to time a mutually agreed upon reclosing time for the equipment, but failing such agreement, the decision of NP as to that time shall be final. Without limiting the generality of Article 11 of this Agreement, the Seller bears the sole responsibility for the cost of any damage to its equipment and transformers that may occur due to the operation of the Interconnected Grid including, but not limited to, reclosing, voltage imbalance, frequency deviations, outages, and system faults.

6.07 If at any time the Facility operates in such a manner that in Hydro's or NP's opinion, acting in a reasonable and prudent manner in accordance with Good Utility Practice, power quality is adversely affected or the safety and security of the Interconnected Grid or of Hydro's or NP's connected customers is threatened, Hydro or NP may give notice thereof to the Seller which notice may be given by telephone to an employee of the Seller who has been designated pursuant to Clause 6.08 or such other employee provided for in that Clause, and the Seller shall promptly remedy the said problem. If the problem continues for more than fifteen minutes after the notice, then Hydro or NP, as the case may be, may discontinue the receipt of Power and Energy to the extent necessary to alleviate the problem or the supply of that amount of Power and Energy which in Hydro's or NP's opinion, acting reasonably, will alleviate the problem and shall not be obliged to resume receipt of or supply of such Power and Energy until the Seller has remedied the problem. Hydro shall provide to the Seller a written confirmation of all

notices it gives by telephone under this Clause but the Seller shall not delay taking corrective action pending its receipt of the written confirmation.

6.08 The Seller shall designate in writing to Hydro and NP the name of the employee or agent to whom notices under this section are to be given, and in default of such designation or in the event of the said employee or agent not being immediately available to receive any such notice, the Seller agrees the notice may be given by telephone or otherwise to any other employee or agent of the Seller.

6.09 Notwithstanding Hydro's and NP's rights to discontinue the receipt of Power and Energy pursuant to Clause 6.07, if the Seller fails to perform any material obligation under this Agreement, Hydro may give written notice to the Seller that unless the obligation, which obligation shall be clearly explained in the notice, is completely fulfilled to the extent then capable of being fulfilled in accordance with Good Utility Practice within a reasonable period (which period excepting for emergency situations shall in no case be less than thirty (30) business days) after receipt of the notice, Hydro will discontinue the receipt or supply of Power and Energy. The right to discontinue the receipt of Power and Energy in this Clause is in addition to and not in limitation of any other rights provided elsewhere in this Agreement to discontinue the receipt or supply of Power and Energy for failure of the Seller to perform a particular obligation. If Hydro attains the right to discontinue the receipt of Power and Energy under this Clause but cannot electrically prevent Power and Energy from being transferred from the Seller to NP without interfering with NP's obligation to supply Power and Energy to the Seller, then Hydro may give notice to the Seller under this Clause that it is not obliged to make payments for Energy and such obligation shall cease, effective as of the time stated in the notice, however this clause does not relieve Hydro of its obligation to pay for Energy delivered by Seller prior to the date stated in the notice.

6.10 Notwithstanding that Hydro may have discontinued the receipt or supply of Power and Energy to the Seller by reason of failure of the Seller to perform any of its material obligations under this Agreement, or that Hydro has discontinued the receipt or supply of Power and Energy upon the request of the Seller, such discontinuance shall not be construed as a breach of contract by Hydro to receive Power and Energy from the Seller under this Agreement or as a breach of an obligation by NP to supply Power and Energy to the Seller under this Agreement, nor shall such discontinuance relieve the Seller from its obligations to pay NP for Power and Energy.

6.11 If, after Hydro has discontinued the receipt or supply of Power and Energy under Clause 6.09 by reason of failure of the Seller to perform any of its material obligations under this Agreement, and Seller continues in default in respect

of its material obligations, Hydro may, at its option, give telephone notice and written notice to the Seller with a copy to the Lenders, that unless the said obligation is adequately fulfilled within a reasonable period (which period shall in no case be less than the longer of (a) 4 Months or (b) the amount of time estimated by Hydro, acting reasonably, to correct the situation to the extent then capable of cure applying Good Utility Practice), this Agreement may be terminated in accordance with this Clause. Any such notice shall clearly explain the obligation that the Seller is not fulfilling. If the Seller continues in default in respect of the obligation beyond the period specified in the notice and if Seller or the Lender does not demonstrate to Hydro, to Hydro's reasonable satisfaction, that it has taken or is taking measures to fully correct the situation to the extent then capable of cure in accordance with Good Utility Practice, subject to the Lender's right to take possession and/or cure any default, Hydro may elect to terminate this Agreement, unless the Seller assigns the Agreement, in accordance with Clause 17.01 to a party which Hydro agrees, and the default is remedied within the period specified in the written notice or such other period as Hydro may agree. Such termination shall be without waiver of any amounts which may be due or of any rights including the right to damages for such breach which may have accrued up to and including the date of such termination.

6.12 Each party shall have the right, without penalty or liability for damages or breach of contract, to interrupt the supply or receipt of Power and Energy at any time (i) to the extent necessary to address emergencies confronting its system or to safeguard life or property (collectively an "emergency") or (ii) for the purpose of such construction, maintenance, operation, repair, replacement or extension of their equipment or works as is prudent in accordance with Good Utility Practice or, (iii) as a result of an event of Force Majeure. Each party shall limit the frequency and duration of interruptions as much as practicable and in accordance with Good Utility Practice and, except in emergencies, shall give to the other party reasonable warning of its intention to interrupt the supply.

ARTICLE 7

POWER AND ENERGY USED BY THE SELLER

7.01 Hydro shall have the right to install, maintain and repair, at the Seller's expense, metering at the Site for the purpose of ensuring that Power and Energy purchased from NP or Hydro is not being re-sold by the Seller to Hydro.

ARTICLE 8

LATE DELIVERY OF POWER AND ENERGY AND TERMINATION

8.01 (a) If the Seller gives notice of termination of this Agreement, voluntarily or forcibly abandons all or substantially all its operations, commits an act of bankruptcy, liquidates all or substantially all its assets, or fails to

obtain or maintain any material permits, authorizations or approvals which it is required by law or regulation to obtain or maintain for the operation of its Facility or for its existence as a corporate entity and such event or failure prohibits or materially impairs the Seller's right or ability to operate the Facility as contemplated herein, then subject to the provisions of paragraph 8.01(b) Hydro may, subject to Lender's rights to take possession and/or to cure any default, on written notice to the Seller, elect to terminate this Agreement and Hydro may claim damages and any other appropriate legal remedy against the Seller.

- (b) Where Hydro elects to terminate this Agreement under paragraph (a) of this Clause 8.01, resulting solely from the Seller's failure to attain or maintain any material permits, authorizations or approvals from any municipal, legislative or regulatory authority which is subject to a right of appeal or judicial review, Hydro shall provide Seller with a Notice at least 90 days prior to exercising its termination right and the Seller shall have one year from the date Hydro has terminated the Agreement in which it may pursue any legal remedies it may have to attain or retain the permits, authorizations or approvals. If the Seller is successful in attaining or retaining such permits, authorizations or approvals, then the Agreement shall be deemed to continue as of thirty days after Hydro receives written notice from the Seller of such event. The commencement of an appeal or other legal proceedings or claims by the Seller shall not prevent Hydro from seeking any remedies or damages, including those arising from the termination of the Agreement or the circumstances which led to its termination.

8.02 If Hydro terminates the agreement prior to the Commercial In-Service Date, then Hydro shall be liable for only those reasonable, salaries, fees, interest costs and out-of-pocket expenses which are incurred by the Seller after the execution of this Agreement in the development, financing, procurement of power generation, transportation and transformation equipment and construction of the Facility (including, for greater certainty, any and all loan advances made under the Project Financing and expended on the Facility, break-funding costs, prepayment fees or expenses incurred or to be incurred by the Seller upon such early cancellation or termination of the Project Financing and construction contracts) plus interest at the prevailing prime rate of the Bank of Nova Scotia plus 2% from notice of termination by Hydro until payment in full, but in no such case shall Hydro be liable for an amount or amounts to compensate the Seller for other losses, costs or claims by the Seller or by third parties against the Seller, or any other damages, including any loss of expected profits or revenues contemplated as potentially flowing to the Seller pursuant to this Agreement, or for any other expenses or amounts the Seller has incurred prior to the date of this Agreement. For the avoidance of doubt, no exercise by Hydro of rights under this Clause 8.02 shall

directly or indirectly give rise to any right, title or interest of Hydro in the Facility and related property.

8.03 If the Commercial In-Service Date has not occurred on or before December 31, 2008 due to the Seller's failure to make all reasonable efforts and incur all reasonable costs to achieve it, the Seller shall pay Hydro an amount equal to the difference between the cost of wind energy to Hydro calculated pursuant to this Agreement that would have been delivered by the completed Facility, and the cost of fuel consumed to generate the same amount of energy at its Holyrood Generating Station, for the period between January 1, 2009 to the earlier of the Commercial In-Service Date and December 31, 2009, such amount to be paid only to the extent that the cost of fuel as calculated below is higher than the cost of wind energy calculated pursuant to this Agreement.

Hydro's avoided cost (\$/kWh) at its Holyrood Generating Station shall be calculated by application of the following formula:

$$\text{HFC} = \text{ACF} \div \text{CR}$$

where HFC is the avoided cost of fuel at Hydro's Holyrood Generating Station expressed in \$/kWh;

ACF is the average cost (\$/BBL) of No. 6 fuel consumed at Holyrood for the period under consideration; and

CR is the conversion factor for Holyrood and is equivalent to 630 kWh/BBL.

In the event that the Commercial In-Service Date has not occurred by December 31, 2009, Hydro may, at its sole reasonable discretion, terminate this Agreement without incurring any liability to the Seller whatsoever.

ARTICLE 9

HYDRO'S OPTION TO ACQUIRE FACILITY

9.01 Exercisable at Hydro's sole and unfettered discretion on the tenth, fifteenth or twentieth anniversary of the Project In-Service Date, and following six months prior notice from Hydro, the Seller shall transfer to Hydro, free from any lien or encumbrance created by the Seller, all its right, title and interest in and to the real property and fixtures, fittings, plant and equipment (including test equipment and special tools) and all improvements comprising the Facility.

9.02 In respect of the exercising of its option pursuant to Article 9.01, Hydro agrees to pay the Seller an amount calculated by application of the following formula:

$$TP = \frac{5YRE}{5} \times (FER \times FERe) \times \frac{(1 + DR)^{RYRS} - 1}{DR \times (1 + DR)^{RYRS}}$$

where TP is the payment to be made to the Seller by Hydro upon the transfer of the Facility

5YRE is the total energy sold to Hydro during the five full contract years immediately prior to the date of transfer;

FER is the fixed price component as stated in Clause 2.03;

FERe is the fixed price component escalation factor as defined in Appendix F;

RYRS is the number of years remaining in the agreement and is calculated by subtracting the anniversary of the Project In-Service Date in which Hydro is exercising its option pursuant to Article 9.01 from 20; and

DR is the overall rate of return from the construction and operation of the Facility as indicated by the Seller as being 8.28%.

9.03 Upon receipt of Hydro's notice that it wishes to exercise its option pursuant to Article 9.01, Hydro and the Seller shall meet and agree the inventories involved, the mechanics of transfer and security arrangements but the Seller shall not be liable for any discrepancies between such inventories and the actual fixtures, fitting and plant and equipment transferred provided that following agreement on inventories the Seller shall exercise the same care regarding the fixtures, fitting and plant and equipment and all improvements therein as it did prior to agreeing the same and provided further that Hydro shall be entitled to provide a security unit within the Site.

9.04 The Facility and all other equipment transferred pursuant to this Article 9 shall be transferred on an "as is" basis and any warranties which would otherwise be implied by statute or otherwise, including, without limitation, warranties as to title, fitness for the purpose, the absence of patent or inherent defects, description or otherwise of whatsoever nature will be excluded and after the transfer date the Seller shall be under no liability whatsoever to Hydro in respect of the operation or otherwise of the Facility by Hydro or a person designated by Hydro and Hydro shall indemnify and keep indemnified the Seller

against any liability to any person arising from the use or operation of the Facility after the date of transfer provided however that the Seller shall subrogate or assign to Hydro any and all rights and benefits which it is able to subrogate or assign of any unexpired warranties in respect of the building, plant and equipment of the Facility under applicable laws or otherwise.

9.05 Hydro shall be responsible for all reasonable costs and expenses (including legal fees and taxes or duties, but excluding income tax impacts upon the Seller) incurred by either party in connection with the transfer referred in this Article 9 and shall at its own cost obtain or effect all governmental and other approvals, licenses, registrations and filings and take such other action as may be necessary for the transfer contemplated in this Article 9, and reimburse the Seller on demand for all such reasonable costs and expenses incurred by the Seller in respect of such transfer.

ARTICLE 10

CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

10.01 Should the Seller require NP or Hydro to provide a transmission line on the Seller's property for the purposes of the Facility, the Seller shall execute a standard form easement instrument provided by Hydro or NP to effect the granting of an easement of right-of-way and other easement rights required by Hydro or NP for these purposes.

10.02 The Seller shall not erect any building, structure or object on or over any right-of-way referred to in Clause 10.01 without the written approval of Hydro or NP, as the case may be, but subject to that limitation the Seller shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

10.03 Any changes that the Seller may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 10.01 shall be made by Hydro, or NP as the case may be, but the Seller shall bear the expense of any such changes.

10.04 All transmission lines, Interconnection Plant and other apparatus furnished and installed by Hydro or NP on the Seller's Site, shall remain the property of Hydro or NP, as the case may be, and Hydro or NP shall each be entitled to remove its transmission lines, interconnection equipment and apparatus on the expiry or termination of this Agreement, however if Hydro terminates this Agreement pursuant to paragraph 8.01(a), such removal shall not be allowed if

Seller is diligently pursuing legal remedies to have its permits, authorizations, or approvals reinstated, all in accordance with paragraph 8.01 (b).

ARTICLE 11 SAFETY

11.01 The Seller and Hydro actively encourage the use of the best safety practices in the construction and operation of their respective facilities. Both parties shall ensure that all applicable safety laws and regulations are adhered to with respect to the Facility and the associated operations throughout the Term hereof. In addition to requirements elsewhere for operation of the facility in accordance with Good Utility Practice, Seller acknowledges that for construction activities Hydro endorses the Certificate of Recognition Safety Program of the Newfoundland and Labrador Construction Safety Association (NLCSA). Accordingly, Seller agrees to ensure that, prior to the commencement of performance of construction activities at the Site, the general contractor and all subcontractors obtain and deliver proof of a valid Certificate of Recognition from the NLCSA or similar accreditation/ safety program acceptable to Hydro. Where Seller performs construction activities itself it shall be considered a contractor for the purposes of this clause.

ARTICLE 12 ENVIRONMENT

12.01 Hydro, through its environmental policy, commits to compliance with legal and other requirements, to prevention of pollution, and to continual improvement.

12.02 Seller shall ensure protection of the environment at the Facility and Seller and its contractors must be aware of potential environmental impacts during construction and operation of the Facility. Seller shall ensure that its employees and agents and its contractors and their employees and agents comply with all applicable environmental laws, regulations, permits and requirements of federal, provincial and municipal authorities and, on a best effort basis, Seller shall ensure that its contractors comply with the aforementioned Hydro's environmental policy.

12.03 Seller shall provide Hydro with copies of environmental permits, approvals and monitoring studies prior to commencement of the relevant work.

ARTICLE 13 RESPONSIBILITY FOR DAMAGES, INSURANCE

13.01 (a) The Seller shall assume all obligations, risks and responsibility for, and shall forever indemnify and save Hydro and NP and their officers,

directors, employees, agents and contractors, harmless from and against any and all claims, liability, loss, damages, demands, costs or expenses that may be made or incurred for injuries or damages to persons or property of others or which, but for this provision, would be incurred directly by Hydro or NP, their employees or contractors and which arise in connection with the occupation, construction, maintenance or operation of the Seller's works under this Agreement, including the possession and operation of the Facility by Hydro pursuant to Article 10, except to the extent such injuries or damages are caused in whole or in part, by negligence or any tortious act or omission on the part of Hydro or NP or any of their officers, directors, employees, agents or contractors.

- 13.01 (b) Hydro shall assume all obligations, risks and responsibility for, and shall forever indemnify and save the Seller and its officers, directors, employees, agents and contractors, harmless from and against any and all claims, liability, loss, damages, demands, costs or expenses that may be made or incurred for injuries or damages to persons or property of others or which, but for this provision, would be incurred directly by Seller, its employees or contractors and which arise in connection with the occupation, construction, maintenance or operation of the Interconnection Plant or other lines, facilities or apparatus of Seller on the premises of Hydro, except to the extent such injuries or damages are caused in whole or in part by negligence or any tortious act or omission on the part of Seller or any of its officers, directors, employees, agents or contractors.

13.02 If any of the Interconnection Plant, or other apparatus installed by Hydro or NP on the Seller's Site should be destroyed or damaged by the negligence of the Seller, its servants or agents, the Seller shall reimburse Hydro or NP, as the case may be, for the cost of their replacement or repair, reduced, as the case may be, by the proceeds of any insurance received by Hydro or NP with respect of such destruction or damage.

13.03 If at any time during the Term of the Agreement, the construction of the Facility or the operation of the works of either party to the Agreement is suspended in whole or in part, or the performance of a party's obligations hereunder is delayed, interfered with or made impossible by reason of events beyond the reasonable control of and not foreseen or foreseeable, the party affected due to war, rebellion, civil disturbance, strikes, serious epidemics, fire, action of a governmental, court or public authority, or another fortuitous event (an event of "Force Majeure") then, subject as hereinafter set out, such party will not be liable to the other party for any resulting failure to perform its obligations hereunder nor shall any remedy against the affected party be exercisable until the cause of

and the resulting inability to perform due to such Force Majeure has been removed, and any due dates for performance by a party as set forth herein shall be extended accordingly; provided that no event of Force Majeure shall excuse the performance of payment obligations hereunder for services already rendered or Energy already delivered. In any event of Force Majeure, the party or parties whose performance has been affected shall use all reasonable diligence and take such action as it or they may lawfully initiate to remove the cause of the Force Majeure. Upon and during the occurrence of an event of Force Majeure, each party shall continue to perform its covenants under this Agreement as soon as possible and to the extent then remaining possible.

For greater certainty, (a) the works of Hydro referenced in this Clause 13.03 are limited to the Interconnection Plant and any portion of the Interconnected Grid directly related to Hydro's ability to receive Power and Energy from the Facility into the Interconnected Grid, (b) in no event shall the shortage of construction materials or equipment in itself constitute an event of Force Majeure and c) action by Hydro shall not be construed as "action of a governmental authority" in the above definition of Force Majeure.

13.04 In case any action shall be brought or a claim is made against either party named in paragraph 13.01(a) or paragraph 13.01(b) (which party is hereinafter referred to as the "defendant") and in respect of which indemnity may be sought against the other party (which other party is hereinafter referred to as the "indemnifying party"), such defendant shall promptly notify the indemnifying party in writing, and the indemnifying party shall assume the defence thereof, including the employment of counsel and the payment of all expenses. The defendant shall have the right to employ separate counsel in any such action and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the defendant unless the employment of such counsel has been specifically authorized by the indemnifying party. The indemnifying party shall not be liable for any settlement of any such action effected without its consent but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action or if the indemnifying party has failed to assume the defence thereof the indemnifying party, subject to the assumptions of liability referred to above, shall indemnify and hold harmless the defendant from and against any loss or liability by reason of such settlement or judgment. In the event any such damage or loss is caused by the contributory negligence of Hydro and Seller, each party shall bear its own portion of the damages for which it is found to be responsible.

13.05 The Seller shall acquire and maintain "All Risk Property" insurance on the whole of the Facility and shall keep the Facility and all related operations insured against liability and all other such risks as are customarily insured against in the case of similar operations. Such insurance shall be with insurers and in a form and amount reasonably acceptable to Hydro.

13.06 Comprehensive general liability insurance shall have a minimum limit of Five Million Dollars (\$5,000,000) per occurrence and shall contain a cross liability clause with Hydro and NP named as an additional insureds.

13.07 All other insurance shall name Hydro and NP as additional insureds for the carrying out of its interest as it may exist per this Agreement and it shall be a term of each insurance policy, to the extent such can be reasonably secured from the insurance companies, that Hydro and NP shall be advised at least thirty days in advance of any insurance policy changes or cancellations. The Seller shall provide Hydro with certified copies of all insurance required by this Agreement proving that such policies are in full force and effect, and the Seller shall maintain such policies or similar acceptable alternatives for the full Term of this Agreement.

13.08 The Seller shall not commit or permit any act or omission invalidating any such insurance, or adversely impact Hydro's policies of insurance.

13.09 If the Facility is damaged or destroyed by a peril that is or should have been covered by insurance pursuant to this Agreement, the Seller covenants to repair or rebuild same or comparable Facility, using equipment available at the time of such rebuild, with all reasonable diligence.

ARTICLE 14

PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF THE SELLER

14.01 The Seller shall render its accounts monthly and Hydro will, within twenty (20) days after the date of receiving such account, make payment in lawful money of Canada at the appointed office of the Seller or by means of direct deposit into a Canadian bank account of the Seller. Any amounts in arrears or overdue to the Seller after expiration of such twenty (20) days shall bear interest, before and after judgment, at the prime rate of Bank of Nova Scotia plus 2% annually until such balance is paid.

14.02 Every claim or counterclaim which the Seller may have or claim to have against Hydro, or which Hydro may have or claim to have against Seller arising under this Agreement with respect to payment for Power and Energy or any adjustments thereto shall be submitted in writing to the other party within ninety (90) days from the last day of the Month in which the Power and Energy was supplied, failing which such claim or counterclaim shall be deemed to have been waived by the party otherwise entitled thereto.

Notwithstanding any limitation periods otherwise applicable thereto, in respect of all claims for payment noticed as aforesaid and in respect of any other claims or

counterclaims by a party against the other party hereto, howsoever arising, such claim or counterclaim shall be deemed to have been waived by the claimant (and the other party released therefrom) unless arbitration proceedings under Article 15, if applicable, or an action shall have been commenced within two (2) years of the date claimant had or ought reasonably to have had knowledge of the event giving rise to such claim.

14.03 Except as otherwise expressly provided for herein, neither Seller nor Hydro shall bear any liability to the other for indirect, punitive or consequential damages.

ARTICLE 15 ARBITRATION

15.01 If any claim made by the Seller in accordance with Clause 14.02 is not agreed to by both parties, the matters in dispute may be submitted, within two months from the time the claim arose, for decision to a board of arbitrators consisting of three members, one to be named by each party to this Agreement and the third to be named by the two arbitrators so chosen, and the decision of any two members of the board of arbitrators shall be final and binding upon both parties.

15.02 The charges of the third member of a board of arbitrators who shall be the chairperson of that board, shall be borne by the losing party, and the parties shall bear the costs or charges of their own appointees.

15.03 If the two appointees of the parties are unable to agree upon the third arbitrator or chairperson, the chairperson shall be appointed upon application of either party to the Trial Division of the Supreme Court of Newfoundland and Labrador or a judge of that Division.

15.04 The period of delay for appointment by the parties to this Agreement of their respective nominees shall be seven days after notification by the other party to this Agreement of its nominee, and the period for agreement by the two nominees on the chairperson shall be ten days.

15.05 The provisions of the *Arbitration Act*, Chapter A - 14 of the Revised Statutes of Newfoundland and Labrador, 1990, as now or hereafter amended shall apply to any arbitration held pursuant to this Article 15.

ARTICLE 16 MODIFICATION OF AGREEMENT AND ADDITION OF APPENDICES

16.01 Any amendment, change or modification of this Agreement shall be binding upon the parties hereto or either of them only if such amendment, change or modification is in writing and is executed by each of the parties to this Agreement by its duly authorized officers or agents and in accordance with its regulations or by-laws.

ARTICLE 17 SUCCESSORS AND ASSIGNS

17.01 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. It is acknowledged and agreed that the Seller may assign this Agreement by way of security under Clause 17.03, or to any affiliate of the Seller, but this agreement shall not otherwise be assignable by the Seller without the written consent of Hydro, which consent shall not be unreasonably withheld, provided always that any assignee or purchaser demonstrates to Hydro's reasonable satisfaction that it has the capability to manage, operate, maintain and repair the Facility and agrees to be bound by this Agreement and all ancillary agreements. Upon any permitted assignment of this Agreement by Seller (other than pursuant to Clause 17.03 hereof), Hydro covenants and agrees that it shall execute and deliver to Seller, in such form as reasonably required by Seller, a full and complete release and discharge of Seller of and from any and all covenants, obligations, liabilities, claims, demands, actions, causes of action, damages and undertakings whatsoever, arising in, pursuant to, under or in respect of this Agreement (as the same may be amended from time to time) subsequent to the date of any such assignment.

17.02 For greater certainty:

- (a) Hydro shall not be required to permit the assignment of this Agreement to any Regulated Utility or corporate affiliate of any Regulated Public Utility, and
- (b) Seller shall not permit its Facility to be held by, or to be assigned to, any third party subsidiary associate or corporate affiliate of any Regulated Public Utility,

unless this Agreement and the power purchase costs of Hydro payable for Energy under this Agreement have been approved without alteration, prior to any such assignment by any regulatory body then having jurisdiction over Hydro or such assignee. For the purposes of this Clause, the terms "subsidiary", "associate", "affiliate" and "person" shall have the respective meanings assigned hereto by the *Corporations Act*, R.S.N.L., 1990, c. C-36.

17.03 Seller (or any permitted assignee) may assign its rights in and under this Agreement, and in particular the right to receive payments due from Hydro for Energy to be purchased by Hydro, as security for Project Financing, and any such Lender assignee shall be entitled to further assign or otherwise alienate such rights in connection with the enforcement or realization of such security, and such Lender(s) or further assignee shall have and be entitled to exercise all the rights of Seller under this Agreement upon accepting all of the duties and obligations of the Seller provided herein. Hydro hereby agrees to enter into an Acknowledgement and Consent Agreement with the Lenders by which Hydro will agree to:

- (i) execute such documents as the Lenders shall reasonably request, provided that such documents or amendments do not materially increase Hydro's obligations, whereby Hydro; (a) makes customary representations and warranties to the Lenders, (b) certifies that the Agreement is in full force and effect and has not been modified and that there are no defaults under the Agreement (except, in each case, as specifically stated in such certification), (c) represents and warrants that the Agreement is enforceable against Hydro, subject to the limitations customary for representations and guarantees of this nature, (d) consents to the collateral assignment of the Agreement to the Lenders as security for the debt relating to the Facility, (e) agrees not to enter into amendments or modifications of the Agreement without the consent of the Lenders, except as set forth in the Agreement, (f) agrees to give the Lenders notice of and an opportunity to cure any defaults of the Seller under the Agreement, and (g) modifies or clarifies provisions of the Agreement as reasonably requested by the Lenders;
- (ii) deliver customary legal opinions of counsel to Hydro.

ARTICLE 18 APPLICABLE LAW AND FORUM

18.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 19 ADDRESS FOR SERVICE

19.01 Subject to Clauses 19.02 and 19.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either of the parties hereto shall be given, made or served in writing

and shall be deemed to be properly given, made or served if personally delivered, or sent by prepaid telegram or facsimile transmission, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to:

The Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, NL
Canada. A1B 4K7
FAX: (709) 737-1782

or

(b) on the Seller, to:

NeWind Group Inc.
c/o CHI Canada Inc.
1255 University, suite 1204
Montreal, Quebec
H3B 3W9
Attention: President
Fax: (514) 397-0284

With copy to:
Enel North America Inc.
One Tech Drive, suite 220
Andover, MA 01810, USA
Attention: General Counsel
Fax: (978) 296-6812

19.02 Any notice, request or other instrument given, made or served as provided in Clause 19.01 shall be deemed to have been received by the party hereto to which it is addressed, if personally served on the date of delivery, or if mailed three days after the time of its being so mailed, or if sent facsimile transmission, one day after the date of sending.

19.03 Either of the parties hereto may change the address to which a notice, request or other instrument may be sent to it by giving to the other party to this Agreement notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 19.01 to such party at the new address.

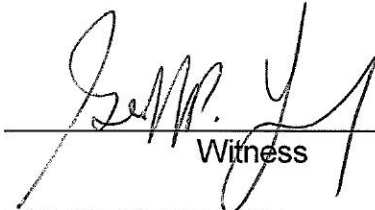
ARTICLE 20 INTERPRETATION

20.01 In the event that any provision of this Agreement other than Article 2 and the Term of this Agreement, as specified in Clause 1.02, is ruled to be invalid by any court of competent jurisdiction, it shall be severable from the remainder of the Agreement and the remainder of the Agreement shall remain effective and unaffected by the invalid provision. The parties agree, however, that the continued enforceability of Clause 1.02 and Article 2, without substantive alteration, are considered by the parties to be fundamental to this Agreement.

20.02 All previous communications or agreements between the parties, whether verbal or written are hereby abrogated except where such agreements or communications are expressly referred to or incorporated in this Agreement and in any such a case, they shall be relevant to the interpretation of this Agreement only to the extent and for the purposes for which they have been referred to herein.

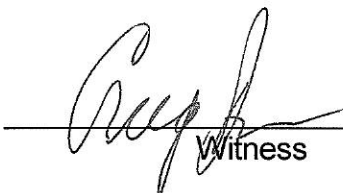
IN WITNESS WHEREOF Newfoundland and Labrador Hydro and NeWind Group Inc. have each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

THE CORPORATE SEAL of
Newfoundland and Labrador
Hydro was hereunder affixed in
the presence of:




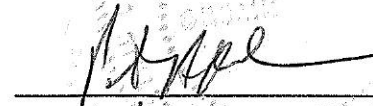
Witness

DULY EXECUTED by
NeWind Group Inc.
in accordance with its
Regulations or By-Laws
in the presence of:

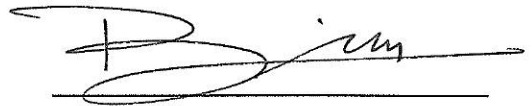


Witness



President & CEO


Asst. Corporate Secretary



APPENDICES

APPENDIX A
Schedule, Designs, Plans and Specifications

APPENDIX B
Metering/Losses Adjustment

APPENDIX C
Interconnection Plant

APPENDIX D
Form of Letter of Credit

APPENDIX E
Operations Agreement

APPENDIX F
Escalation

APPENDIX A
Schedule, Designs, Plans and Specifications

APPENDIX A

Schedule, Designs, Plans and Specifications

This appendix defines the detailed schedule, designs, plans and specifications that the Seller shall deliver to Hydro for review, as stated in Clause 5.01 of Article 5 of the Agreement. One electronic copy of all materials requested shall be submitted for review. Final as-built documentation shall be submitted in electronic format as well as in hardcopy in triplicate.

Project Schedule

The project schedule shall indicate, but not be limited to, as appropriate, the design, manufacturing, construction, delivery, installation, mechanical completion, start-up, testing and commissioning activities associated with the following:

- Site access and development;
- Tower, including rotors and hub, as it pertains to the on-site installation;
- Buildings and substation construction;
- Wind turbine/generator set;
- Switchgear and generator transformer;
- Plant electrical and mechanical equipment;
- Remote control facilities, as it pertains to on-site installation; and
- Transmission line and interconnection equipment.

Drawings

Drawings shall include, but not be limited to, the following:

- Civil
 - Site Layout; and
 - Foundations.
- Mechanical
 - Wind turbine/generator set assembly;
 - Major auxiliary equipment; and
 - Tower.
- Protection and Control, and Electrical (limited to the information that the equipment

supplier provides to the Seller, at the exclusion to the information that the equipment supplier considers confidential)

- Detailed single line protection schematic (generator, plant, station, station service and line);
- Three phase AC schematic diagrams (plant, station and line) showing the phasing and interconnection of the CTs and PTs with the protection. The drawings shall show all grounding cables, CTs, etc. as well as indicating polarity;
- Plant control logic (generator start/stop, synchronizing, plant auxiliary systems);
- DC protection and control schematics;
- Line breaker control schematic; and
- Communications and supervisory facilities.

➤ Transmission

- Route Plan;
- Transmission Plan and Profile;
- Transmission Structure;
- Assembly;
- Phasing;
- Foundation and Anchor;
- Structure List;
- Right of Way; and
- Access Routes.

Specifications and Technical Details (limited to the information that the equipment supplier provides to the Seller, at the exclusion to the information that the equipment supplier considers confidential)

Specifications and Technical Details shall include, but not be limited to, the following:

➤ General

- Reactive power control and its implementation;
- Typical Low Voltage Ride Through curves and associated setpoints for the turbines;
- PSS/E model for the Vestas Wind turbines and any associated technical documentation.

- Mechanical
 - Wind turbine/generator set – performance data, power curves, auxiliary component specifications, etc.
- Protection and Control, and Electrical
 - Switchgear, plant controls and protective relays;
 - Excitation system – specification, constants, saturation curves, etc.;
 - Generator transformer – specification, reactance, impedance, etc.;
 - Line breaker;
 - Metering CTs and PTs;
 - All protective equipment ratings;
 - Communications equipment; and
 - Generator – specification, reactance, resistances, time constants, etc.
- Transmission
 - General description of line and route (include a route map);
 - Power system conditions;
 - Lightning protection;
 - Structure loading and grades of construction;
 - Conductor loading and tension limiting conditions;
 - Conductor vibration and dampering;
 - Conductor Clearances;
 - Description and structure types and foundations (include structure outline drawings or sketches);
 - Material Specifications (i.e. pole, conductor, cable, hardware etc.);
 - Insulation levels;
 - Conductor Hardware;
 - Bonding;
 - Anchors and Guy material;
 - List of Standards, specifications and codes used for design; and
 - Right of Way and access.

Test and Commissioning Procedures (Shop and Field)

Test and Commissioning Procedures (Shop and Field) shall include, but not be limited to, the following:

- Mechanical
 - Wind turbine generator.
- Protection and Control, and Electrical
 - Switchgear, including protection and control functions;
 - Synchronizing to system;
 - On-line testing (load rejections, maximum power, turbine operating rough spots);
 - Terminal station equipment; and
 - Plant remote control and data acquisition.

Submission Dates

All information listed in this Appendix shall be provided in a timely fashion, considering however that several activities during the first year of construction are carried very shortly after design is completed. The project schedule shall be submitted no later than August 1st, 2007. Revisions to the schedule shall be provided sufficiently in advance of the activities they describe to permit review and incorporation of mutually agreed changes. Drawings and specifications shall be submitted for review at least two (2) weeks in advance of the issuance of an invitation for proposals for supply of equipment or services. Test and commissioning procedures shall be submitted at least six (6) weeks in advance of the respective test or commissioning activity. Hydro will require ten (10) working days for the review of material submitted for approval.

APPENDIX B
Metering/Losses Adjustment

1.0 ENERGY SALES FROM THE SELLER TO HYDRO

- 1.1 No adjustment for losses is required for Energy Sales from the Seller to Hydro as the metering is at the Interconnection Point.

2.0 ENERGY SALES FROM NFLD POWER TO THE SELLER

- 2.1 All rates and fees charged for electric service, and the Rules & Regulations governing the provision of that service, are as approved by the Board of Commissioners of Public Utilities of Newfoundland & Labrador.
- 2.2 The Metering Point for the Seller's consumption of demand and energy provided by Newfoundland Power shall be at the Interconnection Point.
- 2.3 Monthly demand and energy consumption by the Seller for billing purposes will be determined through the use of 15 minute demand interval metering.
- 2.4 The monthly energy consumption in kilowatt hours shall be determined by summing the kW demands per 15 minute interval for the month for energy provided to the Seller at the Metering Point and dividing by four (4).
- 2.5 The monthly maximum demand shall be determined based on the highest 15 minute demand interval during the month (kW or kVA as per the applicable Newfoundland Power rate category) at the Metering Point when the Seller is consuming energy.

This Metering Losses/Adjustment for the St. Lawrence Wind Project shall be incorporated as Appendix B to the "Agreement for Non-Utility Generated Power and Energy" between NeWind Group Inc. and Newfoundland and Labrador Hydro, dated December 22, 2006.

for Newfoundland and Labrador Hydro:



R J Henderson
Manager System Operations & Customer Service

Date Sept 18, 2008

for NeWind Group Inc.:



Pascal J. BRUN, P.E.
President.

Date Sept 18, 2008

APPENDIX C

Interconnection Plant

APPENDIX D
Form of Letter of Credit

CERTIFIED TRUE COPY
'CERTIFIED TRUE COPY OF ORIGINAL'

Date: February 16, 2007

Irrevocable Letter of Credit No: SLC0000562
Page 1 of 2**Advising/Confirming Bank:**

The Bank of Nova Scotia (ScotiaBank)
Quebec Atlantic International Trade Services (QAITS)
1800 McGill College, 12th Floor
Montreal, Quebec H3A 3K9
Canada

Beneficiary:

Newfoundland and Labrador Hydro
P.O. Box 12400, Hydro Place
St. John's, Newfoundland and Labrador
A1B 4K7 - Canada

Applicant:

Enel North America, Inc.
One Tech Drive, Suite 220
Andover, MA 01810
for and on behalf of NeWind Group Inc

Amount:

CAD675, 000.00
(Six hundred seventy-five thousand
and 00/100 Canadian Dollars)

Expiration Date and Place:

December 12, 2007 in St. John's,
Newfoundland.

To Beneficiary:

Pursuant to the request of our customer Enel North America, Inc., for and on behalf of NeWind Group Inc. (hereinafter called Proponent/Successful Proponent), we hereby establish an Irrevocable Standby Documentary Credit in your favour, in connection with performance requirements stipulated in the Agreement for the Purchase of Power and Energy dated December 21, 2006 issued by you, for a sum not exceeding a total of Six hundred and seventy five thousand Canadian Dollars (\$675,000 CAD).

All or part of the amount available under this Credit is payable to you on demand upon presentation of your drafts at sight drawn on the Bank of Nova Scotia, Water Street Branch, St. John's, Newfoundland and Labrador, Canada.

The Letter of Credit is effective immediately. This Credit will expire at the office of the Bank of Nova Scotia, Water Street Branch, St. John's, on December 12, 2007.

This Letter of Credit will be automatically extended without amendment for an additional one year period from the current expiration date or any future expiration date hereof, unless we notify you and the Advising/Confirming Bank via certified mail, registered mail, overnight courier, telex, SWIFT, or hand delivery of our intention not to extend this Credit at least thirty (30) days prior to the then expiry date. However, even if all automatic extensions are allowed to take place, this Credit shall nevertheless expire on February 14, 2011, even if this original Letter of Credit is not returned to us.

UniCredito Italiano S.p.A.
New York Branch

150 East 42nd Street
New York, NY 10017
Tel (212) 546-9600
Fax (212) 826-8623
SWIFT: UNCRUS33

Recorded in the Register of Banks and
belonging to the UniCredito Italiano Banking
Group. Recorded under Code 3135.1 in the
Banking Group Register.

Date: February 16, 2007

Irrevocable Letter of Credit No: SLC0000562
Page 2 of 2

All of your drafts under and in compliance with the terms of this Credit will be honored if duly presented at before-said branch office of the Bank of Nova Scotia on or before the expiration date notwithstanding any notice that may be given by the Proponent/Successful Proponent to us not to pay the same.

After the expiration date, we shall not have any further liability to Newfoundland and Labrador Hydro.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Paris, France, Publication No. 500), as amended.

Special Instructions for the Confirming Bank:

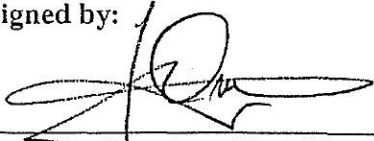
Advise Beneficiary, adding your confirmation

We hereby engage with you that drafts drawn under and in compliance with the terms of this Credit will be duly honored by us and we will reimburse you in accordance with your instructions upon receipt of your authenticated SWIFT certifying that all terms and conditions of our Letter of Credit Number SLC0000562 dated February 16, 2007 have been complied with.

Yours very truly,

UniCredito Italiano
New York Branch

Signed by:



Luciano Cenedese, First Vice President

Signed by:



Renzo Savo, Director

CERTIFIED TRUE COPY

'CERTIFIED TRUE COPY OF ORIGINAL'

For SCOTIABANK

QUEBEC INTERNATIONAL TRADE SERVICES, MONTREAL, P.Q.

63081-002

AUTH. NO.

F716

AUTHORIZED OFFICER

For SCOTIABANK

QUEBEC INTERNATIONAL TRADE SERVICES, MONTREAL, P.Q.

63081-002

AUTH. NO.

K779

AUTHORIZED OFFICER

UniCredito Italiano S.p.A.
New York Branch150 East 42nd Street
New York, NY 10017
Tel (212) 546-9600
Fax (212) 826-8623
SWIFT: UNCRUS33Recorded in the Register of Banks and
belonging to the UniCredito Italiano Banking
Group. Recorded under Code 3135.1 in the
Banking Group Register.

CERTIFIED TRUE COPY

NP-NLH-002, Attachment 3,
Page 38 of 78, NLH 2013 GRA
DCV STDDCV

QUEBEC AND
ATLANTIC INT. TRADE
SERVICES, 1800 MCGILL COLLEGE,
12TH FL. MONTREAL, QUEBEC, CA. H3A3K9 TEL. NO.: 1-888-855-1234

FEBRUARY 20, 2007

NEWFOUNDLAND & LABRADOR HYDRO
P.O. BOX 12400, 500 COLUMBUS DRIVE,
HYDRO PLACE,
ST. JOHN'S, NEWFOUNDLAND A1B 4K7

FAX NO. _____
ATTN. _____
TOTAL _____ PAGES

EAR SIR/MADAM :

OUR STANDBY LETTER OF CREDIT ADVICE NO. S51151/254090

IN ACCORDANCE WITH INSTRUCTIONS RECEIVED FROM UNICREDITO ITALIANO S.P.A.,
50 EAST 42ND ST., NEW YORK, NY 10017, USA WE ARE PLEASED TO ENCLOSE A COPY OF
HEIR IRREVOCABLE STANDBY LETTER OF CREDIT NO. SLC0000562 DATED FEBRUARY 16,
007 FOR NOT EXCEEDING CAD 675,000.00.

THE ORIGINAL INSTRUMENT IS ~~BEING HELD BY US PENDING PRESENTATION OF THE~~
~~DOCUMENTS.~~ *ENCLOSED*

WE CONFIRM THIS CREDIT AND HEREBY UNDERTAKE THAT EACH DRAWING MADE IN
CONFORMITY WITH THE TERMS AND CONDITIONS OF THE CREDIT WILL BE DULY HONOURED.

THIS CREDIT IS SUBJECT TO THE VERSION OF THE ICC UNIFORM CUSTOMS AND
PRACTICE FOR DOCUMENTARY CREDITS, INTERNATIONAL CHAMBER OF COMMERCE, PARIS,
FRANCE, WHICH IS IN EFFECT ON THE DATE OF ISSUE.

WE CONFIRM THIS CREDIT AND HEREBY UNDERTAKE THAT EACH DRAWING MADE IN
CONFORMITY WITH THE TERMS AND CONDITIONS OF THE CREDIT WILL BE DULY HONOURED.

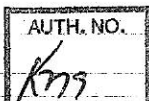
THIS CREDIT IS SUBJECT TO THE VERSION OF THE ICC UNIFORM CUSTOMS AND
PRACTICE FOR DOCUMENTARY CREDITS, INTERNATIONAL CHAMBER OF COMMERCE, PARIS,
FRANCE, WHICH IS IN EFFECT ON THE DATE OF ISSUE.

A DISCREPANCY HANDLING FEE OF CAD 50.00 WILL BE ASSESSED BY THE BANK OF
NOVA SCOTIA ON EACH PRESENTATION OF DOCUMENTS NOT IN STRICT COMPLIANCE WITH THE
TERMS AND CONDITIONS OF THE CREDIT.

YOURS VERY TRULY,

For SCOTIABANK

QUEBEC INTERNATIONAL TRADE SERVICES, MONTREAL, P.Q.
63081-002



[Signature]
AUTHORIZED OFFICER

For SCOTIABANK

QUEBEC INTERNATIONAL TRADE SERVICES, MONTREAL, P.Q.
63081-002



[Signature]
AUTHORIZED OFFICER

APPENDIX E

Operations Agreement

APPENDIX F

Escalation

OPERATIONS AGREEMENT
AMONG
NEWFOUNDLAND AND LABRADOR HYDRO,
NEWFOUNDLAND POWER
AND
NeWind Group Inc.

With respect to the Non-Utility Generation Facility known as:

St. Lawrence Wind Project

Issue Date:
August 15, 2008

Review Date:

Number: 0

August 2008

THIS AGREEMENT made as of the day of August, 2008

BETWEEN: **NEWFOUNDLAND AND LABRADOR HYDRO**, a
Crown corporation
(hereinafter, "Hydro")

AND: **NEWFOUNDLAND POWER INC.**, a
Newfoundland corporation
(hereinafter, "Newfoundland Power")

AND: **NEWIND GROUP INC.**, a
• corporation
(hereinafter, "the Seller")

WHEREAS:

A contract dated the 22nd day of December, 2006, relating to the supply and purchase of power from a generation facility known as the St. Lawrence Wind Project (hereinafter, "the Seller's Facility"), was entered into between Hydro and the Seller (hereinafter, "the Power Purchase Agreement"); and

It is desirable that minimum requirements be established for the safe and effective parallel operation of the Seller's Facility with the Interconnected Grid, which requirements shall govern the operation by the parties' personnel when operating equipment, which will have an effect on the other party's equipment or system.

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained it is agreed between the parties as follows:

1.0 GENERAL

1.1 The Seller may operate its generating equipment in parallel with the Interconnected Grid if it does not have adverse effects on the general public or customers, personnel or equipment of Hydro or Newfoundland Power. In order to operate generation in parallel with the Interconnected Grid, Hydro and Newfoundland Power require certain protective devices (relays, circuit breakers, etc.), which must be maintained as outlined in this agreement. The purpose of these devices is to promptly disconnect the Seller's Facility from the Interconnected Grid whenever faults or abnormal conditions occur.

-
- 1.2 Neither Hydro nor Newfoundland Power will assume any responsibility for protection of the Seller's equipment. The Seller is fully responsible for protecting its equipment in such a manner that faults, system operations, or other disturbances on the Interconnected Grid do not cause damage to the Seller's equipment. The Seller shall provide adequate protection and control to prevent damage or unnecessary outages or power quality concerns to either Hydro facilities, Newfoundland Power's facilities or those of their respective customers, the whole in accordance with the specific requirements of this Agreement.
- 1.3 The Seller shall indemnify and hold Hydro and Newfoundland Power harmless for injury or death to persons including employees of either party and damage to property including property of either party or others arising out of or in connection with (a) the engineering, design, construction, maintenance, repair, operation, supervision, inspection, testing, protection or ownership of the Seller's Facility, or (b) the making of replacements, additions, betterments to, or reconstruction of the Seller's Facility. The Seller is solely responsible for providing adequate protection for the parallel operation of the Seller's Facility and releases Hydro and Newfoundland Power from any liability for damages or injury to the Seller's Facility arising out of such parallel operation. The Seller shall be required to maintain in force commercial general liability insurance in a minimum amount of Five million dollars (\$5,000,000.00) in order to support its indemnity obligations hereunder. The insurance policy shall provide that Hydro and Newfoundland Power are named as additional insured, contain a cross liability clause and provide that the insurer shall endeavour to provide Hydro and Newfoundland Power with a minimum of 15 days prior written notice of cancellation, termination or amendment of the policy in a manner prejudicial to the interests of Hydro or Newfoundland Power.
- 1.4 The Parties shall ensure that only appropriately Qualified personnel shall operate and maintain the equipment covered by this Agreement.
- 1.5 Before performing the operations described in this Agreement, the necessary safety procedures relative to this type of equipment must be carried out.

2.0 DEFINITIONS

- 2.1 **Agent** means a person designated in writing to the other parties by either Hydro, Newfoundland Power or the Seller to perform specified operations on behalf of the party designating this person.

-
- 2.2 **Controlling Authority** means the organizational position which has operating control of specific apparatus or equipment. The Controlling Authorities for Hydro, Newfoundland Power and the Seller are specified in Schedule E.
- 2.3 **Interconnected Grid** means the interconnected transmission and distribution systems situated on the island part of the Province and owned by Hydro or by Newfoundland Power;
- 2.4 **Interconnection Plant** means the equipment and plant at the Interconnection Point which Hydro or Newfoundland Power will install, operate and maintain, as will be more particularly described in Appendix C in the Power Purchase Agreement;
- 2.5 **Interconnection Point** means that point where the Seller's Facility connects to the Interconnected Grid as described in Section 3.1 hereof;
- 2.6 **Seller's Facility** means the wind power plant and equipment owned by the Seller to generate and deliver power and energy under the Power Purchase Agreement between Hydro and the Seller.
- 2.7 **Seller's Interconnection Equipment** means that portion of the Seller's Facility that is located on Newfoundland Power lands at or near the Newfoundland Power Laurentian Substation.
- 2.8 **Operating Control** means having the exclusive authority to perform, direct, or authorize the operation of all devices as designated. Operating Control is not synonymous with ownership, nor does it necessarily convey total independence of action.
- 2.9 **Qualified**, in relation to an individual, means a worker who has been assessed as satisfactory in reference to personal competency and who is
- 1) trained to Newfoundland Power's Standards or to Hydro's Standards or otherwise professionally qualified for the responsibilities assigned to this individual;
 - 2) familiar with relevant rules, procedures, apparatus, equipment and dangers with respect to work and operation.

- 2.10 **Scheduled Outage** means an outage to any transmission line, substation or generating equipment which is deliberately arranged at a pre-selected time.

3.0 OWNERSHIP

- 3.1 The Seller's parallel connection to the Interconnected Grid shall be a 60 Hz alternating current supply at 66 kV. The Interconnection Point will be at Newfoundland Power's Laurentian Substation located in St. Lawrence, where the Seller's 66 kV transmission line conductors will connect to the Newfoundland Power 66 kV disconnect switch on the Seller's side of the Newfoundland Power circuit breaker supplying the Seller Facility. The disconnect switch designation is LAU-901E-DL, and the circuit breaker is designated LAU-901E-B. Newfoundland Power's cost of maintaining the disconnect switch, the circuit breaker and associated protection and control equipment shall be borne by the Seller.

The Newfoundland Power owned equipment is more fully described as the Interconnection Plant in the Power Purchase Agreement - Appendix C

- 3.2 The Seller owns the three phase 66 kV line from Newfoundland Power's disconnect switch LAU-901E-DL at the Laurentian Substation to the Ryan's Hill Substation servicing the St. Lawrence Wind Project.
- 3.3 Newfoundland Power owns the revenue metering class potential transformers and current transformers which meet Industry Canada specifications, for the purpose of metering the power and energy sold by the Seller to Hydro.
- 3.4 Hydro owns the export bi-directional metering equipment which registers the power and energy supplied from the Seller's Facility and sold to Hydro at the Laurentian Substation as well as the sale of electricity to the Seller by Newfoundland Power as contemplated by Section 3.6. Newfoundland Power must maintain communications acceptable to Hydro in order for Hydro to automatically obtain the revenue metering data from the metering equipment.
- 3.5 The Seller shall own, install and maintain a system of metering that will record the energy sold to Hydro, the data from which may be used by Hydro as an estimator of energy purchases during those instances of primary export metering failure.
- 3.6 Power and energy required by the Seller from the Interconnected Grid shall be supplied by Newfoundland Power in accordance with the terms and conditions of the *Newfoundland Power Inc. Schedule of Rates, Rules and Regulations* approved from time to time by the Board of Commissioners of Public Utilities.

4.0 OPERATING PRINCIPLES

- 4.1 Newfoundland Power has Operating Control of the 3-phase air break disconnect switch designated LAU-901E-DL, and the circuit breaker designated LAU-901E-B. The Seller shall not be permitted to operate Newfoundland Power's disconnect switch or the circuit breaker designated LAU-901E-B, except that Newfoundland Power acknowledges and agrees that the circuit breaker LAU-901E-B might be opened as a result of a transfer trip from the Seller's protection system. Furthermore, Newfoundland Power shall provide a signal, which can be sent back to the Seller's SCADA indicating the open or closed status of the circuit breaker LAU-901E-B.
- 4.2 The Seller shall be responsible for the correct operation of the devices under its Operating Control. The Seller shall not operate devices under Newfoundland Power's Operating Control, except for the transfer trip capability indicated above.
- 4.3 On the request of a Controlling Authority, another Controlling Authority's Agents shall provide the required isolation of equipment as required.
- 4.4 Any operating services provided by Newfoundland Power at the request of the Seller, or otherwise in accordance with this Agreement, shall be paid for by the Seller. Charges will be based on Newfoundland Power's loaded costs plus mark-up as normally charged for non-tariff services. Charges will be assessed for significant services, such as labour and travel expenses of Newfoundland Power staff to Laurentian Substation to operate and maintain the Interconnected Plant, but not for minor services such as the remote operation of equipment by Newfoundland Power staff.
- 4.5 The Seller shall operate the Seller's Facility so as to avoid unacceptable voltage flicker or voltage level, as set out below.
- 4.5.1 The Seller shall ensure that sudden voltage changes which result from generator starting, capacitor/ reactor switching, etc., and which are covered under CAN/CSA-C61000-3-7, IEC 6100-3-7 and IEEE Standard 1547, is limited to less than 2%.
- 4.5.2 The Seller shall ensure that flicker levels as per IEEE Standard 1453-2004 "IEEE Recommended Practice for Measurement and Limits of Voltage Fluctuations and Associated Light Flicker on AC Power Systems" Table 1 have flicker levels maintained within the following limits:

$$\begin{aligned}P_{st} &= 0.8 \\P_{lt} &= 0.6\end{aligned}$$

- 4.5.3 The Seller shall not impose harmonic distortion levels on the Newfoundland Power system which exceed the minimum levels established by the latest revision of Institute of Electrical and Electronic Engineers Standard 519, which is the IEEE Recommended Practice and Requirements for Harmonic Control in Electric Power Systems.
- 4.6 If Hydro or Newfoundland Power determines, in their absolute discretion, that the Seller's equipment or operation is causing the unacceptable conditions outlined in 4.5, the Seller shall be responsible to correct these in a timely manner, any cost incurred by the Seller as a result shall be borne entirely by the Seller.
- 4.7 The Seller shall adjust voltage set points and Seller's Facility power factor, subject to equipment limits, at the request of the Newfoundland Power Controlling Authority. However, on-load tap changers on the Seller's main step-up transformer are not required. If power factor or voltage set point adjustments are required frequently by Newfoundland Power, Seller may be required provide Newfoundland Power with the ability to directly make such adjustments via communication with the Seller's SCADA.
- 4.8 The Seller's Facility voltage-var schedule, voltage regulator and transformer ratio settings will be jointly determined by Newfoundland Power and the Seller to ensure proper co-ordination of voltage and regulator action. If abnormal voltage or power quality complaints result from operation of the Seller's generation, such generating equipment shall be disconnected until the problem is resolved. Newfoundland Power shall notify Hydro of the complaints and action taken. All parties shall cooperate to diligently pursue correction of any such problem.
- 4.9 The Seller shall at the request of the Newfoundland Power Controlling Authority alter the electrical output of the Seller's Facility as required for planned work, transmission security constraints or emergency conditions. This may include but is not limited to temporary reduced output or temporary shut down of the Seller's Facility. This may also include increased output within the capability of the Seller's Facility. Newfoundland Power shall notify Hydro of the request to alter output.
- 4.10 The Seller, Newfoundland Power and Hydro shall maintain their respective equipment in good order. Hydro and Newfoundland Power shall have the right to periodically inspect the Seller's facility to confirm that equipment that may impact upon the Interconnected Grid or employees of Hydro or Newfoundland Power is in good order.

4.11 The Seller shall immediately discontinue parallel operation when requested by Newfoundland Power:

- 1) to facilitate emergency maintenance, test or repair of Newfoundland Power facilities;
- 2) to facilitate an emergency request from Hydro;
- 3) during emergencies on the Interconnected Grid;
- 4) when the Seller's generating equipment is interfering with customers on the Interconnected Grid;
- 5) when an inspection of the Seller's generating equipment reveals a condition hazardous to the Interconnected Grid;
- 6) when there is an apparent lack of scheduled maintenance of protection/control equipment required by Hydro or Newfoundland Power as a condition of parallel operation;
- 7) when the response by the Seller to a determination by either Hydro or Newfoundland Power made under clause 4.6 is deemed by either utility to be unreasonable or insufficient, and;
- 8) for other cause which Hydro or Newfoundland Power may deem necessary for emergency, system reliability, public safety and safety of Hydro, Newfoundland Power or Seller staff.

If the parallel operation is not discontinued within a reasonable time given the circumstances, Newfoundland Power may, in their absolute discretion, immediately disconnect the Seller's facility, through the operation of circuit breaker LAU-901E-B. If emergency circumstances are such, the disconnection may proceed without notification. If practicable, Newfoundland Power shall notify Hydro of the decision to disconnect.

Neither Hydro nor Newfoundland Power shall be liable to the Seller for any loss or damage including, without limitation, special or consequential damages or damages due to loss of use or production which result, either directly or indirectly, from a request or action of Newfoundland Power to immediately discontinue parallel operation in accordance with the terms of this Agreement.

4.12 The Seller shall provide an annual report to Hydro containing information on a monthly basis related to the operation of the Seller's Facility. The items to be reported include information on environmental conditions, operating hours, unit

starts along with the date, time and duration of all forced, automatic and planned interruptions of the Seller's Facility output (refer to Schedule G3 for a detailed listing of required reporting information). Portions of this report will be made available to Newfoundland Power for system analysis.

- 4.13 Hydro may request a special report containing information on each turbine such as; Megawatt-hours, Megavar-hours, Kilovolts, operating hours, rotor speed, wind speed, air temperature, and air pressure. This report would be collected on a monthly basis and be in CIM (XML Format) electronic form. This information will be used for generation planning and analysis.
- 4.14 This Agreement is based on the Seller Facility as outlined in Schedule A. Any material change to the electrical characteristics of the Seller Facility must be approved in advance, in writing, by both Newfoundland Power and Hydro.

5.0 MAINTENANCE RESPONSIBILITIES

- 5.1.1 Newfoundland Power is responsible for routine and emergency maintenance and repair of all Newfoundland Power owned equipment as defined in section 3.1. Newfoundland Power may elect to repair its equipment at any time, even though this may prevent the delivery of energy by the Seller. If the Seller is willing to pay for the extra cost of work being done at a time other than as proposed by Newfoundland Power, Newfoundland Power will endeavour to accommodate such a request. The direct costs incurred by Newfoundland Power for routine and emergency maintenance and repair of the Newfoundland Power owned equipment, as defined in Section 3.1, shall be borne by the Seller. Maintenance and repairs of the Newfoundland Power owned equipment shall be in accordance with Good Utility Practice. Costs of such maintenance and repairs shall be reasonable. Upon the request of the Seller, Newfoundland Power shall provide a detailed cost breakdown for any charge.
- 5.2 Hydro is responsible for emergency and routine maintenance to its assets on the Interconnected Grid. While undertaking this responsibility there may be occasions where energy delivery by the Seller is affected. Hydro may elect to repair its equipment during normal working hours even though this may prevent the delivery of energy by the Seller. If the Seller is willing to pay for the extra costs associated with performing this work outside normal working hours, Hydro will endeavour to accommodate such a request.
- 5.3 The Seller is fully responsible for routine and emergency maintenance and repair on all the Seller's owned equipment.

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- 5.4 The Seller shall be responsible for maintaining the relaying, and auxiliary control equipment located at the Seller's Facility that is required by Hydro and Newfoundland Power for parallel operation with the Interconnected Grid (see Schedule B). The Seller shall perform periodic verification of their relaying and control Facility in accordance with the test schedule in Schedule C. These are the minimum maintenance requirements.
- 5.5 The Seller shall maintain Seller owned switches, transmission line equipment, and battery equipment as per the procedures identified in Schedule D, which states the minimum maintenance requirements.
- 5.6 The Seller shall submit an annual Equipment Maintenance report to Newfoundland Power and Hydro outlining the maintenance completed during the year on the equipment outlined in Schedule C and D.
- 5.7 The Seller shall inform Newfoundland Power and Hydro of any proposed changes to the Seller's Facility's electrical protection including equipment and settings. The portion of this protection that affects Newfoundland Power's system and customers shall be set, installed, and maintained in a manner acceptable to Newfoundland Power for the Seller to continue delivering power to Hydro. The Seller shall obtain prior acceptance by Newfoundland Power and Hydro for any modification or setting changes to this protection equipment, which acceptance shall not be unreasonably withheld, conditioned or delayed. The Seller shall inform Hydro and Newfoundland Power of any proposed changes to the Seller's Facility power devices such as transformers, generator, or station service transformer.
- 5.8 Newfoundland Power and the Seller will discuss planned outages of their respective equipment. They will endeavour to coordinate the maintenance of their respective facilities to minimize interruptions to Newfoundland Power's customers and the Seller's generators.
- 5.9 By April 1 of each year, each party to this agreement shall provide to the other parties Controlling Authorities information on Scheduled Outages expected to take place that year which will affect the Seller's ability to deliver power to Hydro. These Scheduled Outages will be confirmed at least five (5) working days in advance by the appropriate Controlling Authority.

6.0 ISOLATION & GROUNDING

- 6.1 When the Seller requires isolation and or grounding by means of a device(s) under Newfoundland Power control, the Seller shall request that Newfoundland Power provide isolation and / or grounding. Once Newfoundland Power completes the isolation and / or grounding, the Seller will then lock the associated Newfoundland Power equipment at the Laurentian Substation using the Seller's locks. Entrance to the Newfoundland Power Substation by the Seller will be under escort by Newfoundland Power staff.
- 6.2 When the Newfoundland Power requires isolation and / or grounding by means of a device(s) under the Seller's control, Newfoundland Power shall request that the Seller provide isolation and / or grounding. Once the Seller completes the isolation and / or grounding, Newfoundland Power will then lock the associated Seller's equipment at the Ryan's Hill Substation using Newfoundland Power's lock. Entrance to the Ryan's Hill Substation by the Newfoundland Power will be under escort by the Seller's staff.
- 6.3 Only the person in responsible charge of the isolation and / or grounding has the right to direct the removal of grounds and / or isolation as well as the removal of locks except if that person is unable to continue to exercise his responsibilities due to illness, injury or other cause. In that case, the work shall cease and a qualified substitute may be appointed by the organization initiating the isolation and / or grounding, to direct the removal of grounds and / or isolation as well as the removal of locks.

7.0 COMMUNICATION

- 7.1 The Seller's Controlling Authority shall take operating instructions, including requirements for generator shutdown, from Newfoundland Power's Controlling Authority or its delegate. Therefore, each shall be able to reach the other by telephone on a 24 hours per day basis. The Seller shall provide 24 hours per day control over the plant in order to facilitate a request for emergency shutdown. A set of phone numbers is listed in Schedule E for this purpose.

If at any time the Seller operates in such a manner that in Hydro's or Newfoundland Power's opinion, power quality is adversely affected or, the safety and security of the Interconnected Grid or of Hydro's or Newfoundland Power's connected customers is threatened, Hydro or Newfoundland Power may give notice thereof to the Seller, which may be given by telephone to an employee of

the Seller who has been designated in Schedule E, and the Seller shall promptly take action to remedy the said problem. If the problem continues for more than fifteen minutes after the notice, then Hydro or Newfoundland Power may, in their absolute discretion, discontinue the receipt of all Power and Energy or the supply of all Power and Energy and neither Hydro nor Newfoundland Power shall be obliged to resume receipt of or supply of Power and Energy until the Seller has remedied the problem.

If the problem is of an emergency nature, Newfoundland Power may, in their absolute discretion, disconnect the Seller's Facility immediately and without notice.

- 7.2 Connection of the Seller's Facility to the Interconnected Grid following a forced shutdown or a shutdown requested by the Newfoundland Power Controlling Authority shall require prior approval from the Newfoundland Power Controlling Authority which approval shall be promptly given upon resolution of the problem causing the shutdown.
- 7.3 The Seller's Controlling Authority shall keep the Newfoundland Power Controlling Authority or his delegate informed of the following items to enable the Newfoundland Power Controlling Authority to be fully aware of all the Seller generation operating conditions from time to time, and to facilitate analysis following system disturbances:
- 1) The time and conditions associated with the Seller's Facility becoming isolated from the Interconnected Grid or unusual voltage or frequency levels; and
 - 2) Conditions which will result in the Seller shutting down its generation for extended periods. Such conditions shall also be reported to the Hydro Controlling Authority.
- 7.4 In the event of a trip of the circuit breaker LAU-901E-B at the interconnection Point, the Seller's Controlling Authority shall contact the Newfoundland Power Controlling Authority or its delegate for further instruction. The Newfoundland Power Controlling Authority or its delegate will establish if the trip or shutdown is due to problems on the Interconnected Grid and will instruct the Seller's Controlling Authority as required. Under no circumstances shall the Seller reconnect to the Newfoundland Power system until authorized by the Newfoundland Power Controlling Authority or its delegate. Also, under no circumstances shall the Newfoundland Power Controlling Authority or its delegate reconnect the Seller's Facility to the Newfoundland Power system without prior approval from the Seller's Controlling Authority.

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- 7.5 In the event that abnormal operation of the Seller's Facility occurs, including exceeding acceptable limits as defined in Sections 4.5 and 8.2, and the Seller cannot contact Newfoundland Power's Controlling Authority or its delegate, then the Seller shall separate the Seller's Facility from the Interconnected Grid.
- 7.6 The Seller's Controlling Authority shall advise the Newfoundland Power's Controlling Authority of any planned operations which may affect the Interconnected Grid.
- 7.7 The Newfoundland Power's Controlling Authority shall advise Hydro and the Seller's Controlling Authority of any planned operations which may affect the Seller's operations.
- 7.8 The Newfoundland Power's Controlling Authority shall advise Hydro's Controlling Authority of all requests for an unscheduled shutdown of the Seller's facility.
- 7.9 The Seller is required to provide and maintain real time supervisory monitoring to Newfoundland Power's Controlling Authority. The Seller shall continuously provide real time SCADA telemetry, as per Schedule G.1. The real time information shall be time tagged using Universal Time Coordinates (UTC). The Seller is required to contact Newfoundland Power prior to interconnection to determine the interface requirements for Newfoundland Power's SCADA system. The real time supervisory monitoring system using UTC shall be in place and fully functioning prior to the connection of the first generating unit to the Interconnected Grid. Newfoundland Power shall provide this information to Hydro via the existing ICCP (Inter Control-Center Communications Protocol) data link.
- 7.10 Newfoundland Power shall maintain a standard telephone communications link to Hydro's export metering equipment, which Hydro will use for remote data acquisition and interrogation.
- 7.11 The Seller shall report to Hydro the Forced Outage event data as per Schedule G.2 on the next day after the event occurs.

8.0 SELLER ACCESS TO NEWFOUNDLAND POWER PROPERTY

- 8.1 During the term of this Agreement, the Seller shall have the right to install, inspect, maintain, repair and replace the Seller's Interconnection Equipment on lands owned by Newfoundland Power at or in the vicinity on Newfoundland Power's Laurentian Substation.
- 8.2 The Seller's Interconnection Equipment shall be installed in the locations marked or delineated in Schedule H.

- 8.3 No change shall be made to the Seller's Interconnection Equipment or to the location of the Seller's Interconnection Equipment without the prior approval of Newfoundland Power, which approval shall not be unreasonably withheld, conditioned or delayed.
- 8.4 The Seller's rights as set out in Section 8.0 shall be subject to all of the other terms and conditions of this Agreement.

9.0 PROTECTION AND CONTROL REQUIREMENTS

- 9.1 Newfoundland Power shall maintain protection and control equipment for the Seller Interconnection as per its standard practices.
- 9.2 The Seller shall maintain its protection and control devices to:
- 1) adequately protect the Seller's transmission line from the Seller's end of the line;
 - 2) maintain reliable and adequate protection for abnormal conditions and faults on the Seller's Facility which may cause damage. This includes protection for abnormal voltages, currents, and frequency emanating from the Interconnected Grid;
 - 3) maintain reliable and adequate control for operation into a nominal 60Hz, 66 kV system. Deviation from nominal voltage shall be kept within, 0.95 and 1.05 per unit for the Seller's Facility. The Seller's Facility shall not automatically disconnect from the Interconnected Grid for variations in frequency from 58 to 61.2 Hz. There will be a 200 millisecond trip delay for continuous operation outside of this range;
 - 4) detect voltage and frequency conditions which may occur when Newfoundland Power's and Hydro's facilities serving the Seller and other local customers are "islanded" from the Integrated Grid. The Seller's protection and control shall isolate the Seller's generation from the isolated system if frequency and voltage control are not maintained;
 - 5) prevent any problems for the opening, and reclosing of the LAU-901E-B breaker for connection with the Interconnected Grid;

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- 6) maintain reliable and adequate start-up and shut down capabilities for the Seller's generation;
 - 7) maintain Low Voltage ride through Capability consistent with current industry standards as outlined in Appendix G of the United States Federal Energy Regulatory Commission's document Large Generator Interconnection Agreement. The high voltage terminals of the 66/25 kV power transformer are the appropriate voltage monitoring points.
 - 8) Operate in accordance with settings in Schedule B of this agreement.
- 9.3 The protection and control devices and the appropriate settings shall be determined in the design process and form Schedule B, Protective Relaying and Settings. These devices and settings once determined and approved, shall not be changed or modified without a request in writing from the Seller and approval in writing from Newfoundland Power and Hydro. Schedule B shall be changed accordingly.
- 9.4 The Seller shall promptly report the relay targets, annunciator or event recorder data, to Newfoundland Power's Controlling Authority following an operation of its protection devices. Similarly, Newfoundland Power and/or Hydro shall report to the Seller any relay operation that trips circuit breaker LAU-901E-B.

10.0 REVIEW OF OPERATING AGREEMENT

- 10.1 Hydro will initiate a review of this Agreement every two years. A review of this Agreement may be initiated by either party at any time by providing written notice to the other parties. No change or modification of this Agreement shall be valid unless it be in writing and signed by each party.

11.0 GENERAL PROVISIONS

11.1 Governing Law

This Agreement shall be interpreted, governed, and construed under the laws of the Province of Newfoundland and Labrador as if executed and to be performed wholly within the Province of Newfoundland and Labrador.

11.2 Term of Agreement

This Agreement shall be in effect when signed by the parties and shall remain in effect thereafter as long as the Power Purchase Agreement remains in effect.

11.3 Consequential Damages

Newfoundland Power, Hydro and the Seller shall not bear any liability to the other for indirect, punitive or consequential damages.

11.4 Obligations Surviving Termination

Notwithstanding the termination of this Agreement for any cause, the obligations of the Seller set out in, or arising from, Sections 1.3, 4.4, 4.12, shall survive any termination and shall remain in force until discharged.

11.5 Successors

This Agreement shall ensure to the benefit of and be binding on the respective successors and permitted assigns of the parties.

11.6 Assignment


This Agreement is not assignable by either party without the prior written consent of the other parties.

11.7 Force Majeure

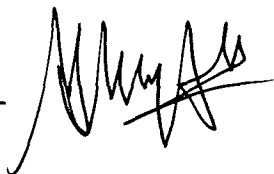
It is agreed among the parties that neither party shall be held responsible for damages caused by delay or failure to perform undertakings under the terms of this Agreement when the delay or failure is due to strikes, fires, floods, acts of God or the Queen's enemies, lawful acts of public authorities, or delays or defaults caused by common carriers, which cannot reasonably be foreseen or provided against.

IN WITNESS WHEREOF Newfoundland and Labrador Hydro, Newfoundland Power Inc. and NeWind Group Inc. have each executed this Agreement in accordance with its by-laws or regulations and by its duly authorized officers and agents, on the 19th day of August, 2008.

THE CORPORATE SEAL of Newfoundland and Labrador Hydro was hereunto affixed in the presence of:

Jim Haynes 

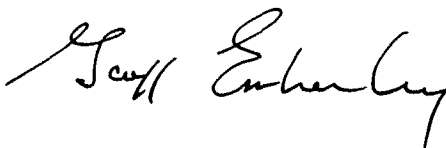
GLENN HICKS
Witness



THE CORPORATE SEAL of Newfoundland Power Inc. was hereunto affixed in the presence of:

Sean La Cour 

Geoff Emberley
Witness



THE CORPORATE SEAL of NeWind Group Inc. was hereunto affixed in the presence of:

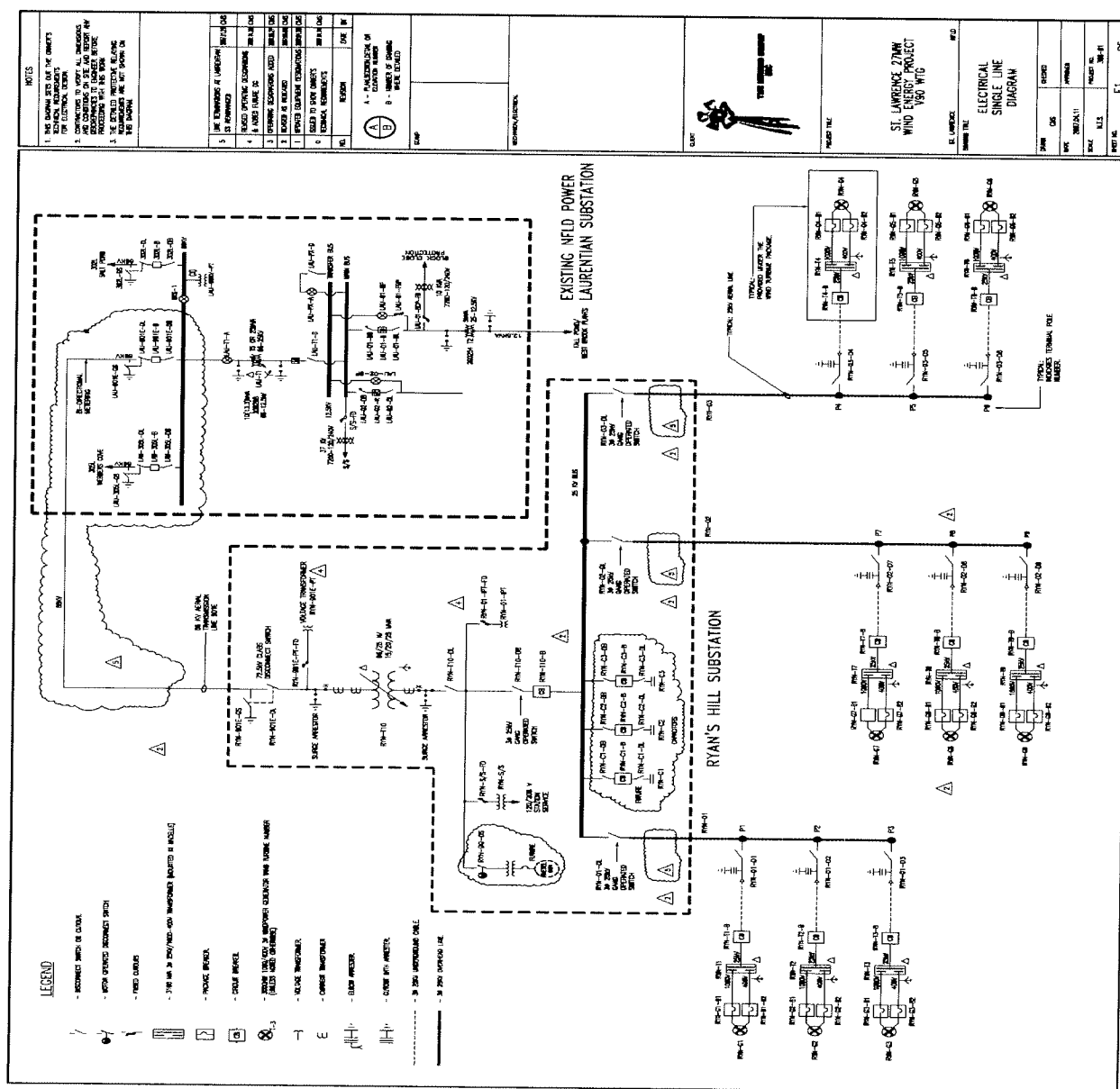
Pascal BRUN



Geoff Emberley
Witness



This single line diagram is to be revised.



SCHEDULE B

PROTECTIVE RELAYING AND SETTINGS

(The following devices are preliminary until given final approval by all parties involved.)

<u>DEVICE #</u>	<u>DESCRIPTION</u>	<u>SETTING</u>	<u>DEVICE OPERATED</u>
<u>Transformer Devices</u>			
T10-26Q	T10 HIGH OIL TEMP.	110°C	RYN-T10-B, LAU-901E-B
T10-71Q	T10 LOW OIL LEVEL	TBD	RYN-T10-B, LAU-901E-B
T10-63X	T10 SUDDEN PRESSURE	TBD	RYN-T10-B, LAU-901E-B
T10-49	T10 HI WINDING TEMP.	115°C	RYN-T10-B
<u>Transformer Relay - P632</u>			
11T- 50	66kV BUS INST. O/C	TBD	RYN-T10-B, LAU-901E-B
11T- 50N	66kV BUS INST. G/F	TBD	RYN-T10-B, LAU-901E-B
11T-51P	66kV BUS TIME O/C	400A p.u.	RYN-T10-B, LAU-901E-B
11T-51NP	66kV BUS TIME G/F	TBD	RYN-T10-B, LAU-901E-B
11T-51S	25kV BUS TIME O/C	900A p.u.	RYN-T10-B, LAU-901E-B
11T-51NS	25kV BUS TIME G/F	TBD	RYN-T10-B, LAU-901E-B
11T-64G	T10 TANK GND	TBD	RYN-T10-B, LAU-901E-B
11T-87T	T10 DIFFERENTIAL.	TBD	RYN-T10-B, LAU-901E-B
11T-87NG	T10 R.E.F.	TBD	RYN-T10-B, LAU-901E-B
<u>Voltage & Frequency Relay - P922</u>			
11IC-81O	OVER FREQUENCY.	62 Hz	RYN-T10-B
11IC-81O-62	OVR FREQ. TIME DELAY	0.2 s	RYN-T10-B
11IC-81U1	UNDER FREQ. LEVEL 1	59 Hz	RYN-T10-B
11IC-81U1-62	UND FRQ. 1 TIME DLY	300 s	RYN-T10-B
11IC-81U2	UND. FREQ. LEVEL 2	57 Hz	RYN-T10-B
11IC-81U2-62	UND FRQ. 2 TIME DLY	4 s	RYN-T10-B
11IC-59	OVER VOLTAGE	TBD	RYN-T10-B
11IC-59-62	OVR VOLT. TIME DLY	TBD	RYN-T10-B
11IC-27-1	UND. VOLT. LEVEL 1	15%	RYN-T10-B
11IC-27-1-67	UND VLT 1 TIME DLY	0.625 s	RYN-T10-B
11IC-27-2	UND. VOLT. LEVEL 2	90%	RYN-T10-B
11IC-27-2-67	UND VLT 2 TIME DLY	3 s	RYN-T10-B
<u>25 kV Overcurrent Relay – P127</u>			
11CS-50N	COLL. SYS. INST. G/F	TBD	RYN-T10-B
11CS-51	COLL. SYS. TIME O/C	900A p.u.	RYN-T10-B
11CS-51N	COLL. SYS. TIME G/F	TBD	RYN-T10-B
11CS-67N	COLL. SYS. DIR. G/F	TBD	RYN-T10-B
11CS-67P	COLL. SYS. DIR. O/C	400A p.u.	RYN-T10-B

66 kV Line Differential Relay - P543

August 2008

RE11L-51	901E TIME O/C	400A p.u.	RYN-T10-B, LAU-901E-B
RE11L-51N	901E TIME G/F	TBD	RYN-T10-B, LAU-901E-B
RE11L-21-Z1	901E IMP. ZONE 1	TBD	RYN-T10-B, LAU-901E-B
RE11L-21-Z1-62	ZONE 1 TIME DLY	TBD	RYN-T10-B, LAU-901E-B
RE11L-21-Z2	901E IMP. ZONE 2	TBD	RYN-T10-B, LAU-901E-B
...-21-Z2-62	ZONE 2 TIME DLY	TBD	RYN-T10-B, LAU-901E-B
RE11L-87L	901E DIFFERENTIAL	TBD	RYN-T10-B, LAU-901E-B

<<<Need to add setting for Wind Speed at which the turbine will shutdown>>>>

SCHEDULE C

Protection and Control Verification Schedule

1. Seller's substation, generator and transmission line protection systems which can impact on the Interconnected Grid shall be verified every five years or as required due to system performance concerns.
2. The Seller shall advise Hydro and Newfoundland Power giving at least 4 weeks notice as to when verification is to take place so that Hydro and Newfoundland Power P&C staff can observe:
 - relay verification and recalibration
 - test tripping of generator breaker(s) and the interconnection breaker
 - measurement and analysis of secondary AC voltages and current to confirm measuring circuit integrity
3. Specific Protection to be observed:
 - All generator, substation, and transmission line protection schemes which trip the breakers
 - Confirm that settings that are approved by Newfoundland Power are applied to the following protection
 - (a) over and under frequency
 - (b) over and under voltage
 - (c) unbalance protection
 - (d) substation protection
 - (e) transmission line protection
 - Confirm the Hydro Supplied Low Voltage Ride Through Settings.

SCHEDULE D-1

AIR BREAK SWITCH

Inspection Every Three (3) Months:

1. Make sure that the switch is in its required operating position (either fully opened or fully closed).
2. Make a visual inspection of the insulators for cracked skirts and breakages of castings (such as pin and caps), other external parts and connections.
3. Make a visual check of the motor mechanism (if applicable).
4. Check that the mechanism space heater is functioning (if applicable).

No report is required for this three month inspection.

Maintenance Every Two Years: - Requires an Outage Mechanical Mechanism and Interrupter (where Applicable)

1. Manually operate the switch and check: contact alignment toggles, stops, linkage, undue insulator movement.
2. Check all aluminium operating components for cracks.
3. Check contact pressure. Observe jaw spread as blade rotates in jaw.
4. Check the contacts for burns or wear.
5. Check the silver plating for peeling or wear.
6. Clean and lubricate contacts with low-temperature, multipurpose grease such as Lube 10A.
7. Check that line connections to the switch are tight.
8. Remove gearbox covers and inspect and lubricate gears.

SCHEDULE D-1 (cont'd.)

9. Check switch grounding connections are tight and undamaged.
10. Lubricate all locations fitted with grease fittings.
11. Inspect and clean insulators.
12. Check shunts for tightness, fraying, or deterioration.
13. Test interrupter to ensure that contacts make and break and check that sequence of operation is correct. Check the position indicator (if applicable)
14. Perform Micro-ohm test across the entire switch. Record results.
15. Remove cover from electrical control mechanism. Check internally (if applicable).
16. Check that grounding (including ground mats if supplied) is tight and undamaged.
17. Clean and paint as required.
18. Test operate switch manually and electrically (as appropriate):

SCHEDULE D-2

25 kV BREAKER

Inspection Every Month:

1. Make a visual inspection of the primary connections and grounding.
2. Make a visual inspection of the insulators for cracked skirts.
3. Check for gas leaks and record gas pressure.
4. Inspect general condition of control cabinets and cabinet heaters.
5. Record breaker operations.

Maintenance Every Three Years

1. Perform contact resistance tests.
2. Perform breaker timing tests.
3. Perform insulation tests.
4. Check high voltage terminations.
5. Check heaters.
6. Record breaker operations and gas pressure.

SCHEDULE D-3

Transmission Line Maintenance - 66 kV Circuits

To maintain a reliable supply and assure minimum impact on the Hydro system, Hydro requires a combination of the following inspections and maintenance procedures or their equivalent.

Every 3 months	Visual Inspection
Every year	Snowmobile patrol
Every 3 years	Ground patrol
Every 5 years	Climbing inspection including inspection and testing of suspension type insulators
Every 15 years	Wood Poles Test and Treat (if applicable)

SCHEDULE D-4

STATION CONTROL SYSTEMS BATTERY INSPECTION

The D.C. Battery should become part of a monthly inspection routine.

1. Check that the battery charger D.C. voltmeter reading is within the normal range - investigate any deviations.
2. Check that the battery charge ammeter reading indicates that the battery drain is normal --- investigate any deviations.
3. Record D.C. system voltage.
- *4. Record the corrected relative density of the electrolyte and the voltage of the pilot cell and determine if an equalize charge is required.
5. Inspect the battery plates (if visible) for any signs of deterioration and correct.
- *6. Top up the electrolyte to the upper limit using distilled or approved water - excessive water loss is an indication of overcharging and should be investigated.
7. Wipe down cells as required.

Note: Items with an asterisk (*) do not apply where maintenance free batteries are used.

Maintenance Every Four Years:

The D.C. Battery is to be subjected to a discharge low check. Replace the battery if they go below 80% capacity.

SCHEDULE E
TELEPHONE CONTACTS

The Seller

The Seller

NeWind Group Inc.
Enel Operations Center (24/7)
Tel: 978-686-4386

Operator (Controlling Authority)
James Bennett
jim.bennett@northamerica.enel.it
8 Water Street West
St. Lawrence, NL, A0E 2V0
Phone:
Cell Phone: (709) 873-5302

Assistant Operator
Jerome Slaney
jermome.slaney@northamerica.enel.it
8 Water Street West
St. Lawrence, NL, A0E 2V0
Phone:
Cell Phone: (709) 873-5303

Newfoundland Power

St. John's System Control Centre (Newfoundland Power Control Authority)
(709) 737 - 5993 (such number to be used only for power system control purposes)
(709) 689 - 7235 (cell phone number to be used in case of failure of previous number)
(709) 737-5768 (Fax)

Superintendent System Operations:

Barry Hogan
Topsail Road - St. John's, NL
Phone: (709) 737-5509
Cell Phone: (709) 685-1601
Fax: (709) 737-5768

Area Superintendent Bonavista Burin:

Barry Keating
Clareville, NL
Phone: (709) 466-8305
Cell Phone: (709) 427-0133

August 2008

Fax: (709) 466-8380

Hydro

Manager - System Operations:

Robert J. Henderson
Hydro Place - St. John's, NL
Phone: (709) 737-1752
Cell Phone: (709) 682-3190
Fax: (709) 737-1318
email: rhenders@nlh.nl.ca

ECC Superintendent:

Robert C. Butler
ECC - St. John's, NL
Phone: (709) 737-1270
Fax: (709) 737-1318
email: bbutler@nlh.nl.ca

ECC Shift Supervisor (Controlling Authority)
(24 hours/day)

Phone: (709) 737-1958

Fax: (709) 737-1979

ECC System Operator
(24 hours/day)

Phone: (709) 737-1957

Fax: (709) 737-1979

SCHEDULE F

Reserved

SCHEDULE G

G.1 Real Time SCADA to interface with Hydro Control Centre

Wind Farm

MegaWatt indication for wind farm (measured by NP at LAU)
MegaVar indication for wind farm (measured by NP at LAU)
Kilovolts indication for wind farm (measured by NP at LAU)
66 kV breaker control & indication (measured by NP at LAU)
Indication of number of wind turbines on-line (measured by NeWind at RYN)
Wind Speed Indication (measured by NeWind at RYN)

G. 2 Forced Outage Event Data

Outages related to the wind farm are reportable to Hydro's Energy Control Centre. The following data shall be reported:

Date & Time of the event
MW Loss
Duration of the Outage
Cause of the event with description of any damage or failed component (Outage Type)
Number of turbines affected
Derating of the Wind Farm, if applicable
Estimated time to restore full wind farm generation capacity, if applicable.

Outage Information

Time information should include the day(s) and the hour the outage started and ended.

Outage types are:

Forced Outage (FO)	- cannot be deferred.
Maintenance Outage (MO)	- can be deferred beyond the end of the next weekend.
Planned Outage (PO)	- planned well in advance, usually occurs 1-2 times a year.

Comments/Cause can be used to provide detailed information on the outage e.g. equipment failure, utility feeder trip, etc.

The report shall include relay targets, annunciator or event recorder data associated with the operation of protection devices

G.3 Monthly Data Collection to be reported annually to Hydro

In addition to the annual report to Hydro, Hydro may make special requests for the monthly data during the year.

Wind Farm

Generation (MWh) for the year
Available Hours for the year
Operating Hours for the year
Number of Starts for the wind farm from an off line status
25 kV breaker indication for each day at 12:00 am

Planned/Maintenance Hours for the year
Planned/Maintenance MW Loss for the year, assuming wind speed prevailing at 12:00 am for the entire day
Number of Planned/Maintenance Events for the year

Forced Outage Hours as a result of equipment breakdown

Forced MW Loss assuming wind speed prevailing at 12:00 am
Number of Forced Events as a result of equipment breakdown

Each Turbine

Generation (MWh) for the year
Available Hours for the year
Operating Hours for the year
Number of Starts for the turbine from an off line status

Planned/Maintenance Hours for the year
Planned/Maintenance MW Loss for the year, assuming wind speed prevailing at 12:00 am on the day of the event
Number of Planned/Maintenance Events for the year

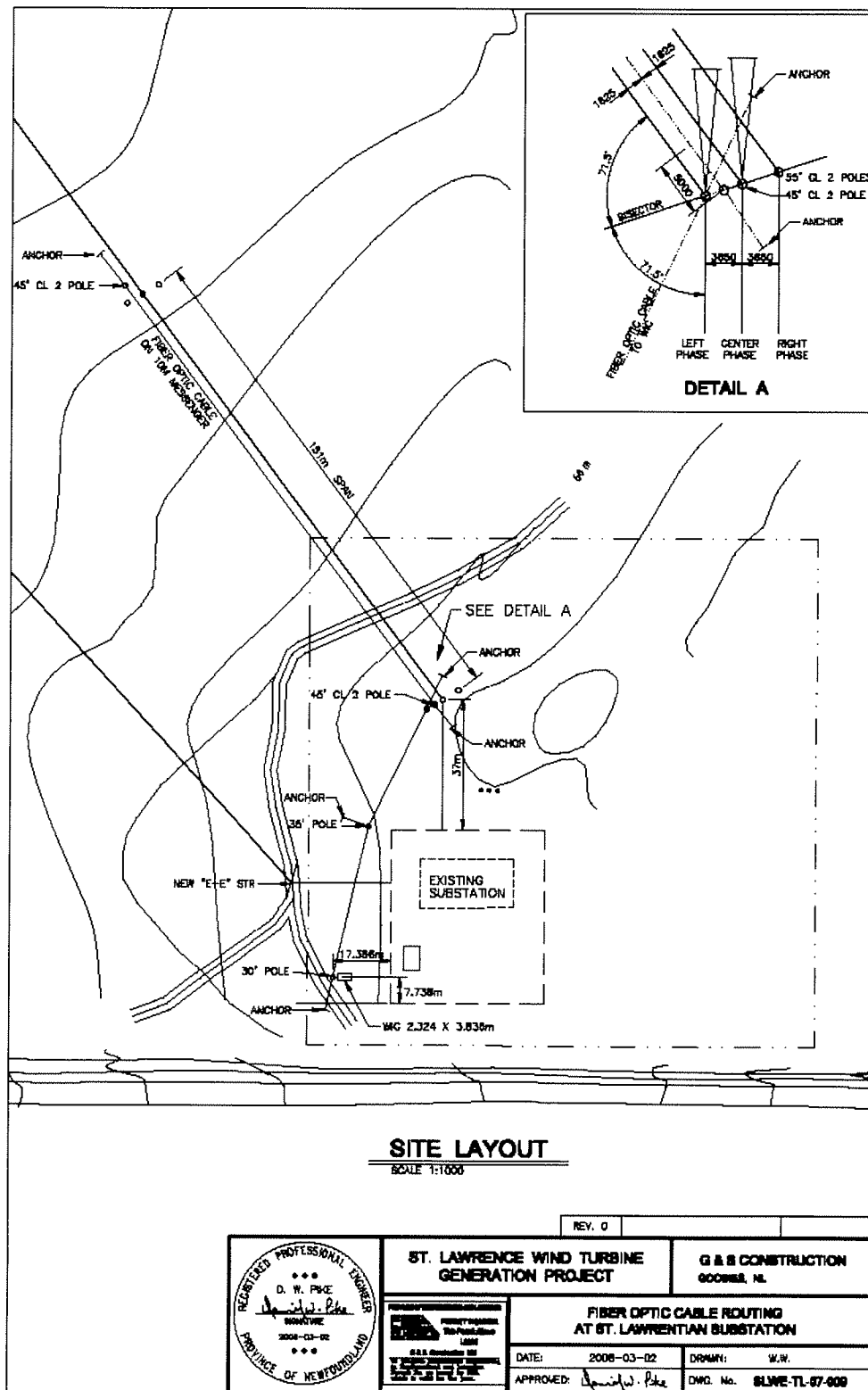
Forced Outage Hours as a result of equipment breakdown
Forced MW Loss assuming wind speed prevailing at 12:00 am
Number of Forced Events as a result of equipment breakdown

Environmental Conditions

Number of Days with too little wind, resulting in no production for the entire day
Number of Days with too much wind, resulting in no production for the entire day
If available from visual observation, lightning activity close to the wind farm - Date and times
If available from visual observation, other weather problems such as ice storms, hurricanes, other extreme weather storms.
Wind Direction Indication each day at 12:00 am
If available, air Temperature Indication each day at 12:00 am
If available, air Pressure Indication each day at 12:00 am

SCHEDULE H

DESIGNATED LOCATIONS OF NEWIND EQUIPMENT AT OR NEAR THE NEWFOUNDLAND POWER LAURENTIAN SUBSTATION



APPENDIX F

This appendix defines the variables required to escalate the fixed price and the operating and maintenance price components according to the provisions of Article 2.02.

F.1 Calculation of FERe

For the purpose of Article 2.02, the escalation factor for the fixed price component of price for Energy is based upon the Statistics Canada Price Index – All Items Annual (CANSIM Series Identifier V737344):

$$\text{FERe} = \frac{\text{CPI}_{2008}}{\text{CPI}_{2006}}$$

where CPI is the average annual value for the year ended December 31st of the Statistics Canada Price Index (referred to above) for the date indicated by the corresponding subscript.

FERe is to take effect January 1st, 2009 for the Term of the Agreement. As the statistics for year 2008 are unavailable as of January 1st, 2009, until such statistics are available, FERe shall be temporarily computed as $\text{CPI}_{2007}/\text{CPI}_{2006}$ and shall continue to remain in effect until the statistics for year 2008 become available. At that time, a retroactive adjustment B will be made by the party benefiting from the difference in price to the other party to compensate for the incremental change in escalated Energy payments for the period mentioned above. The adjustment B will be determined by the formula set forth below:

$$B = \text{SE} \times (\{\text{CPI}_{2008} \div \text{CPI}_{2006}\} - \{\text{CPI}_{2007} \div \text{CPI}_{2006}\}) \times \text{FER}$$

where SE is the Energy sold to Hydro by the Seller during the period described above;

CPI is the average annual value for the year ended December 31st of the Statistics Canada Price Index (referred to above) for the date indicated by the corresponding subscript; and

FER is as defined in Paragraph 2.02.

If B is greater than zero, Hydro will reimburse the Seller. If B is less than zero, the Seller will reimburse Hydro.

F.2 Rebasing and Revision of FERe

In the event that the Statistics Canada Price Index referred to in F.1 is revised or rebased, the following formula will be used to determine FERe:

$$FERe = \frac{CPI_{2008 \text{ rev}}}{CPI_{2006 \text{ rev}}}$$

where CPI is the revised or rebased value of the Statistics Canada Price Index (referred to in F.1) for the date indicated by the corresponding subscript.

F.3 Calculation of OMe

For the purpose of Article 2.02, the escalation factor for the operating and maintenance component of price for Energy is based upon the Statistics Canada Price Index – All Items Annual (CANSIM Series Identifier V737344):

$$OMe_i = \prod_{y=2007}^i ESC_y$$

subject to

$$ESC_y = \frac{CPI_{y-1}}{CPI_{y-2}}$$

where i is as defined in Article 2.02; and

CPI is the average annual value for the year ended December 31st of the Statistics Canada Price Index (referred to above) for the date indicated by the corresponding subscript.

$$\prod_{y=2007}^i ESC_y \text{ is equivalent to } ESC_{2007} \times ESC_{2008} \times \dots \times ESC_i$$

OMe_i is to take effect January 1 of year i and is to be in force until January 1 of the following year except in the event of statistic revisions or rebasing.

In the event that the statistics for year i are unavailable as of January 1st of year i , the OMe for the preceding year shall continue to remain in effect until the statistics become available and are included in the Energy price formula. At that time, a retroactive adjustment A_i will be made by the party benefiting from the difference in price to the other party to compensate for the incremental change in escalated Energy payments for the period mentioned above. The adjustment A_i will be determined by the formula set forth below:

$$A_i = SE_i \times (OMe_i - OMe_{i-1}) \times OMER$$

Where SE_i is the Energy sold to Hydro by the Seller during the period described above; and

$OMER$ is as defined in Paragraph 2.02.

If A_i is greater than zero, Hydro will reimburse the Seller. If A_i is less than zero, the Seller will reimburse Hydro.

F.4 Rebasing and Revision of OMe

In the event that the Statistics Canada Price Index referred to in F.3 is revised or rebased, the following formula will be used to determine OMe_i :

$$OMe_i = \prod_{y=2007}^i ESC_{y \text{ rev}}$$

subject to

$$ESC_y = \frac{CPI_{y-1 \text{ rev}}}{CPI_{y-2 \text{ rev}}}$$

where i is as defined in Article 2.02; and

CPI_{rev} is the revised or rebased value of the Statistics Canada Price Index (referred to in F.3) for the date indicated by the corresponding subscript.

F.5 Compensation for Rebasing or Revisions of FERe and OMe

If a published value of the Statistics Canada Price Index (referred to in F.1 and F.3) is revised or found by the publisher thereof to be erroneous, and

if a correction of such index is published, then a retroactive payment shall be made by the party benefiting from the difference in price to the other party. The payment will be retroactive for a period of twelve months from the date of the publication of the correction, and will be equal to the difference in payments made and the payments that should have been made as a result of the change.

AGREEMENT FOR THE PURCHASE AND SALE OF POWER AND ENERGY

This Agreement made in duplicate at St. John's in the Province of Newfoundland and Labrador, the 7th day of November, A.D., 2007.

BETWEEN:

VECTOR WIND ENERGY INC.,
a body corporate duly organized and existing under the laws of Canada,
(hereinafter referred to as the "**Seller**")

OF THE FIRST PART

AND:

NEWFOUNDLAND AND LABRADOR HYDRO,
existing pursuant to the *Hydro Corporation Act*, Chapter H-16 of the 1990
Revised Statutes of Newfoundland and Labrador,
(hereinafter referred to as "**Hydro**")

OF THE SECOND PART

WHEREAS the Seller has responded to Request for Proposals 33460 OQ issued by Hydro for a Wind Generation Project;

AND WHEREAS among the proponents which responded to the aforementioned Request for Proposals, Hydro has selected the Seller and Hydro and the Seller wish to enter into an Agreement which sets forth the terms and conditions upon which the sale and purchase of power and energy will be undertaken;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto each, in consideration of the premises and of the covenants, agreements and declarations made herein by the other, covenant, agree, and declare as follows:

**ARTICLE 1 -
INTERPRETATION AND TERM OF THE AGREEMENT**

- 1.01 In this agreement, unless the context otherwise requires,
- (a) "**Agreement**" means this agreement for the sale and purchase of Power and Energy as restated herein;
 - (b) "**Affiliate**" means an affiliated body as follows: (1) one body corporate is affiliated with another body corporate where 1 of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is

controlled by the same person; and (2) where 2 bodies corporate are affiliated with the same body corporate at the same time, they are affiliated with each other;

- (c) **“Allowable Amount”** shall mean that amount of any new or increased costs or expenses to the Seller in respect of the Facility incurred by reason of any Governmental Charge or any Change in Law subsequent to the date of this Agreement which, if Hydro was the Seller to its own customers hereunder and if the price of Energy hereunder was regulated, Hydro would be entitled to include in its expenses for the purpose of setting its rate;
- (d) **“Associate”** where used to indicate a relationship with a person means
 - (i) a body corporate of which that person beneficially owns or controls, directly or indirectly, shares or other securities currently convertible into shares, that carry more than 10% of the voting rights
 - (A) under all circumstances,
 - (B) because of the occurrence of an event that has occurred and is continuing, or
 - (C) because of a currently exercisable option or right to purchase those shares or those convertible securities,
 - (ii) a partner of that person acting on behalf of the partnership of which they are partners,
 - (iii) a trust or estate in which that person has a substantial beneficial interest or in respect of which he or she serves as a trustee or in a similar capacity,
 - (iv) a spouse or child of that person, or
 - (v) a relative of that person or of his or her spouse where that relative has the same residence as that person;
- (e) **“Change in Law”** means any change to, including the introduction of, any law, regulation, directive, rule or order promulgated by the Government of the Province, any municipality having jurisdiction or, any delegate thereof;
- (f) **“Commercial In-Service Date”** is that date which follows the day upon which not less than 75% of the Facility’s intended installed capacity, which amount shall be not less than 24,000 kW and not greater than 27,000 kW, is demonstrated to Hydro’s reasonable satisfaction to be capable of operating to deliver Power and Energy into the Interconnected Grid as provided in this Agreement;

- (g) **“Contract Year”** means any twelve-month period during the Term of this Agreement starting from the Commercial In-Service Date or any anniversary thereof;
- (h) **“Energy”** means the amount of electricity generated and delivered during a given period of time and measured in kilowatt-hours (kWh);
- (i) **“Facility”** means all the Seller’s generating and transmission plant and associated equipment, comprising between 24,000 kW and 27,000 kW of installed generating capacity, located or to be located at or near the site of its wind powered turbines and connecting with the Interconnected Grid used to provide Power and Energy to Hydro pursuant to this Agreement;
- (j) **“Good Utility Practice”** means those practices, methods or acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in Canada with respect to Wind farms) that at a particular time, in the exercise of reasonable judgment, would be expected to accomplish the desired result in a manner which is consistent with laws and regulations and due concerns for reliability, safety, environmental protection, economy and expedition;
- (k) **“Governmental Charge”** shall mean any tax, levy, impost, charge, rate or assessment enacted, imposed, promulgated or assessed by the Government of the Province, any municipality having jurisdiction, or any delegate thereof, but shall not include additional amounts attributable solely to increases in the assessed value of the Facility or from increases in the revenues from the Facility;
- (l) **“HST”** means Harmonized Sales Tax, being all tax payable under Part IX of the Excise Tax Act (Canada).
- (m) **“Interconnected Grid”** means the interconnected transmission and distribution system situated on the island part of the Province and owned by Hydro or by Newfoundland Power Inc. (“NP”);
- (n) **“Interconnection Plant”** means that equipment and plant at the Interconnection Point which Hydro or NP will install, operate and maintain, as will be more particularly described in Appendix C to this Agreement;
- (o) **“Interconnection Point”** means that point where the Facility connects to the Interconnected Grid;
- (p) **“Lender”** and **“Lenders”** means the one or more financial institutions, or a syndicate of financial institutions, providing Project Financing and any refinancing thereof from time to time, to the Seller or to any permitted assignee;
- (q) **“Month”** means a calendar month;
- (r) **“NP”** means Newfoundland Power Inc.;

- (s) “**person**” includes an individual, body corporate, partnership, association and a trustee, executor, administrator or legal representative of a person;
- (t) “**Power**” means the amount of electrical power generated and delivered at any time and is measured in kilowatts (kW);
- (u) “**Project Financing**” means, and refers to the principal monies together with all associated interest, indebtedness and other amounts which may be borrowed or incurred either before the Facility start of operation or after start of operation by Seller or any permitted assignee or advanced thereto by Lender for the construction, development and bringing into operation of the Facility, and all security issued in respect thereof and the financing from time to time, of debt obligations originally incurred to finance or refinance such costs;
- (v) “**Performance Security**” means an amount equal to \$25,000 for each MW of capacity intended to be installed, by means of cash or an irrevocable Letter of Credit from a chartered Canadian bank, in a form acceptable to Hydro. Such Letter of Credit shall expire forty-five days following the Commercial In-Service Date, and drafts drawn upon the letter of Credit shall be exercised by advice to the Bank of Nova Scotia, Water Street Branch, St. John’s, Newfoundland and Labrador, Canada.
- (w) “**Province**” means the Province of Newfoundland and Labrador;
- (x) “**Reasonable Efforts**” means efforts which are designed to enable a party, directly or indirectly, to satisfy or perform its obligations under this agreement or to otherwise assist in the consummation of the transactions contemplated by this agreement and which do not require the performing party to expend any funds or assume liabilities other than expenditures or liabilities which are reasonable in nature and amount in the context of such obligations or transactions or, where applicable, usual commercial practice.
- (y) “**Regulated Utility**” and “**Regulated Public Utility**” means a public utility regulated under the laws of Canada or under the laws of Newfoundland and Labrador;
- (z) “**Site**” means the location of the Facility and includes all land owned or leased, or to which the Seller holds an easement, for the purposes of the Facility and connected with the objects of this Agreement;
- (aa) “**Tax Agreement**” means a binding legal agreement entered into between the Seller (which includes a permitted assignee of the Seller), and the Town of Fermeuse (which includes a successor thereof), that sets out the municipal taxes to be payable by the Seller for a period not less than the term of this Agreement and which taxes are to be applied in a manner consistent with, and in amounts not less than, those determined under Clause F.6 of Appendix F hereof;

- (bb) “**Term**” means that period that commences on the Commercial In-Service Date and ends on the twentieth anniversary of the Commercial In-Service Date.

1.02 This Agreement shall become binding upon execution and, subject to the early termination provisions contained herein, shall remain in effect until the twentieth anniversary of the Commercial In-Service Date.

ARTICLE 2 PURCHASE OF POWER AND ENERGY

2.01 Hydro agrees to pay for, and the Seller agrees to sell to Hydro at the Interconnection Point such Energy made available or capable of being made available by the Seller, subject to the provisions of Article 6, from the Facility before the Commercial In Service Date and throughout the Term of this Agreement and Hydro shall not reduce or refuse delivery of any such Energy at any time except to the extent permitted by the express terms of this Agreement.

2.02 Subject to there being in force a Tax Agreement binding upon the Seller, the existence of which is a pre-condition of Hydro’s requirement to make payments to the Seller for Energy purchases under this Agreement, the payments to be made for Energy in each month before the Commercial In Service Date and during the Term of this Agreement shall be based upon the following prices and formula:

$$EP_j = E_j \times ((FER \times FERe) + (OMER \times OMe_i)) \times MT_i$$

Where:

j	is the month for which payment is payable;
i	is the calendar year in which month j falls;
EP _j	is the total payment for Energy for Month j;
E _j	is the Energy purchased under this Agreement by Hydro from the Seller in month j;
FER	is the fixed price component as stated in Article 2.03;
FERe	is the fixed price component escalation factor as defined in Appendix F;
OMER	is the operating and maintenance price component as stated in Article 2.03;
OMe _i	is the operating and maintenance component escalation factor as defined in Appendix F; and

MT_i is the adjustment to account for municipal taxation as defined in Appendix F.

2.03 The components of the purchase price for Energy shall be calculated based upon the following rates with escalation/de-escalation, as applicable, from January 1, 2007:

Fixed Energy Component (FER)	\$0.0572 / kWh
Operating and Maintenance Component (OMER)	\$0.0143 / kWh

2.04 Should there be any greenhouse gas or similar emission credits or other negotiable rights or interests arising from environmental attributes of either the ownership or operation of the Facility, they shall, during but limited to the Term of this Agreement, be vested in Hydro to be assigned, traded, retained or otherwise dealt with in any manner as Hydro may in its sole discretion determine. Any and all costs of vesting such credits, rights and interests in Hydro shall be for Hydro's account and, if incurred by Seller, shall be promptly reimbursed by Hydro.

2.05

- (a) Should there be any incentive payments made to the Seller by the Governments of Canada or Newfoundland and Labrador, or any agency of either of them, such as, but not limited to, the Wind Power Production Incentive Program (WPPI), or its successor program now known as the ecoENERGY Renewable Initiative, 75% of all such amounts paid to the Seller shall be repaid to Hydro thirty (30) days following their receipt by the Seller.
- (b) The Seller shall make all Reasonable Efforts and incur all reasonable costs to obtain and retain certification for the Facility and the sales of Energy therefrom, from the appropriate department or agency of the Government of Canada or other entity recognized thereby as being so empowered (such as EcoLogoM certification under the Environmental ChoiceM program managed by Terra Choice Environmental Services Inc.), as providing "Green Power" or such similar designation as may be required for the Facility to qualify and remain entitled to applicable and available incentive funding.

2.06 Hydro shall pay to the Seller all applicable HST as required under statute.

2.07 The price for Energy payable under this Agreement shall be increased by that amount which will allow the Seller to be fully indemnified from and to fully recover the Allowable Amount. Such increase shall be determined as a genuine pre-estimate of the amount of the Allowable Amount for each year of the remaining term of this Agreement, with the intent of providing the Seller with a full indemnity and recovery thereof. Failing agreement by the parties thereto, the amount of such increase shall be arbitrated in accordance with Article 15 hereof.

ARTICLE 3 METERING

3.01 The metering equipment and meters to register the amount of Power and Energy to be purchased by Hydro under this Agreement shall be furnished and installed by Hydro and, if required to be located on the Seller's premises, the metering equipment will be installed in a suitable place provided by the Seller, in such manner as to register accurately the total amount of Power and Energy, net of station services, to be purchased by Hydro. All costs associated with the supply, installation and maintenance of meters and metering equipment shall be borne by the Seller. Subject to Good Utility Practice, Hydro will endeavour to keep metering costs to their minimum.

3.02 The Seller shall enter into an agreement with NP for the supply of Power and Energy required by the Seller for station service loads for the Facility when the Facility is not generating power and energy, which agreement may be subject to the jurisdiction of the Board of Commissioners of Public Utilities for the Province.

3.03 The metering equipment required under Clauses 3.01 and 3.02 shall be of a type approved for revenue metering by the appropriate department of the Government of Canada.

3.04 Where practical the metering equipment required under Clauses 3.01 and 3.02 will be installed at the Interconnection Point. Where necessary, adjustments will be made to all meter readings to account for transformer, transmission and distribution line losses between the metering point and the Interconnection Point. The method of adjustment will be agreed to and set forth in Appendix B to be incorporated in this agreement.

3.05 Provided reasonable advance notice is given to the Seller, authorized employees of Hydro, NP and officials acting on behalf of the appropriate department of the Government of Canada shall have the right of access at all reasonable times for the purpose of reading, inspecting, testing, and repairing the meters installed pursuant to Clause 3.01 hereof. However, the said authorized employees shall not interfere with the operations of the Seller except to the extent such interference is required as a result of the work being performed, in which case, such interference shall be kept to the minimum amount of time necessary, all in accordance with Good Utility Practice.

3.06 The Seller shall have the right, at its own expense, to install, equip and maintain check meters adjacent to Hydro's and NP's meters.

3.07 The Seller shall provide metering at a suitable location at the Site to record the Power and Energy produced by the Facility. This metering may be relied upon by the parties in the event that the other metering, required by Clause 3.01, fails.

3.08 Should any meter required under Clause 3.01 fail to register accurately, the Seller may charge for Energy supplied during the period when the registration was inaccurate either

- (a) on the basis of the amount of Energy measured at the Site, by the meter referred to in Section 3.07, during the period of alleged inaccurate registration with appropriate adjustments for losses and the internal use of the Seller; or

- (b) on the basis of the amount of Energy supplied as established by available evidence, which ever basis appears most fair and accurate.

3.09 The billing period for each Month shall commence at noon on the last day of the previous Month.

ARTICLE 4

INTERCONNECTION COSTS

4.01 An estimate of all costs to be incurred by Hydro or NP to interconnect the Seller shall be paid by the Seller in advance of any construction for the interconnection. The estimate to be provided by Hydro to the Seller, and all payments and adjustments required by this Clause, shall be given from one party to the other in accordance with the schedule in Appendix A which shall form part of this Agreement. The Seller may provide the advance payment for the interconnection by providing an irrevocable letter of credit from a bank acceptable to Hydro and in the form found in Appendix D. Upon the completion of the interconnection, an adjustment shall be made so that if the actual cost exceeds the estimate, the difference shall be paid by the Seller to Hydro within 60 days of receiving the invoice from Hydro with appropriate supporting documents, provided that the Seller shall not be required to pay more than twenty-five percent (25%) more than the estimated cost. If the actual cost is less than the estimate, the difference shall be reimbursed to the Seller by Hydro, within sixty (60) days of the completion of the work. The Interconnection Point shall be at such location that Hydro, upon consultation with NP, shall determine in accordance with Good Utility Practice. The Interconnection Plant shall be as set out in Appendix C which shall form part of this Agreement. For the purpose of administering this Clause, Hydro shall act as NP's agent and shall be empowered on its behalf to receive payments and to reimburse monies to the Seller.

4.02 The Seller shall pay to Hydro all reasonable costs that Hydro or NP incurs to operate and maintain for the purpose of the Facility, according to Good Utility Practice, the Interconnection Plant. These costs shall include any amounts required to operate, maintain, inspect, repair and, when prudent in accordance with Good Utility Practice, to replace or upgrade the Interconnection Plant (net of insurance recoveries, if any) and may include Hydro's or NP's costs of materials, labour, travel, and other reasonably incurred expenses. These costs may comprise any or all of Hydro's or NP's costs to perform the service or the costs of a contractor retained by Hydro or NP to perform this work. These interconnection operation and maintenance costs shall be paid by the Seller (i) within forty five days, if the total monthly invoiced cost is \$ 10,000 or less, and (ii) otherwise within ninety days, of being billed for the same by Hydro or, in the event such invoices are not paid as aforesaid, Hydro may, in its sole discretion, deduct such costs from the payments for Energy due to the Seller under this Agreement, provided that Seller shall pay interest to Hydro on any outstanding balance of such invoiced costs remaining unpaid thirty days after delivery of the invoice to Seller, at the prime rate of the Bank of Nova Scotia plus 2% until such balance is paid. For amounts of maintenance where the cost is expected to exceed \$10,000 Hydro shall give 30 days prior notice and due opportunity for consultation where feasible unless the expenditures are of an emergency nature and must be done immediately in according with Good Utility Practice.

ARTICLE 5 SUBMISSION OF PLANS AND DESIGNS

5.01 The Seller shall deliver to Hydro for Hydro's written approval, the detailed design, plans, specifications and commissioning procedures for those aspects and portions of its Facility that Hydro has determined, in all cases consistent with Good Utility Practice, may impact the power quality or the reliable operation and safety of the Interconnected Grid. These detailed design, plans, specifications and commissioning procedures, and the timing of them and of the delivery of Hydro's approval, shall be more fully described and set out in the Appendix A to be added to this Agreement. In considering and approving any element of the detailed designs, plans specifications and commissioning procedures, Hydro may consult with NP and may withhold its approval based upon the advice, information or reasonable concerns expressed to it by NP, in all cases consistent with Good Utility Practice.

5.02 The Seller shall construct and test its Facility in accordance with those approved detailed designs, plans, specifications and commissioning procedures provided to Hydro in accordance with Clause 5.01 in all cases consistent with Good Utility Practice. Any material alterations made to these designs, plans, specifications or commissioning procedures, or made to the Facility after the Facility has been constructed, shall be first approved in writing by Hydro and NP and such approval shall not be unreasonably withheld. Hydro and NP shall be permitted to be present to witness the Seller's commissioning activities and to inspect and test any of its equipment which may impact power quality or the reliable operation and safety of the Interconnected Grid. Costs for said witnessing and checking activities shall be on the account of Hydro and/or NP. Hydro's and NP's right to inspect and test the Seller's equipment shall not relieve the Seller of the responsibility to properly maintain its equipment.

5.03

- (a) In considering or approving any designs, plans, specifications, commissioning procedures or any permitted alteration thereto, neither Hydro nor NP makes any warranty, representation of adequacy whatsoever and neither assumes any responsibility towards the Seller or to any other party whomsoever. The approval or consideration by Hydro of any design, plan, specification or commissioning procedure shall in no way cause Hydro or NP to become liable for any loss occasioned by the Seller or by any party whomsoever and the Seller hereby agrees to indemnify and save Hydro harmless from all causes of action related to this Agreement, suits, demands, claims or legal proceedings, including legal costs, taken against Hydro or NP, or both, and arising in any way or manner from any investment, lending, guaranteeing or other participation in the Seller or its Facility, or in the construction or installation of any part of the Facility at the Seller's Site.
- (b) Where a particular alteration or variation from the designs, plans, specifications, commissioning procedures or any permitted alteration thereto is made by the Seller to meet a requirement by Hydro for approval, paragraph 5.03(a) shall not apply to save Hydro harmless from liability for approval where, and to the extent

that, the loss is caused by Hydro's negligence as to that particular alteration or variation.

5.04 Hydro's and NP's review and consideration of the detailed design, plans, specifications and commissioning procedures of the Seller's plant and facilities are made without any representation, express or implied, about the economic or technical feasibility, safety, operational capability or reliability of the Seller's plant or facilities. The Seller shall not in any manner make any representations to any third parties whatsoever, in a manner which is express or implied, as to conclusions reached or the results of the review and consideration by Hydro or NP concerning the economic or technical feasibility, safety, operational capability or reliability of the Seller's plant or facilities.

ARTICLE 6

UTILITY PRACTICES AND OPERATING STANDARDS

6.01 The Seller shall at all times during the Term of this Agreement operate and maintain its Facility in accordance with Good Utility Practice.

6.02 The Seller shall follow appropriate operating procedures and power quality guidelines. These procedures and guidelines shall include those set forth in the Appendix E, which shall be incorporated hereto and which procedures have been agreed to by the parties, as modified from time to time by the mutual agreement of the parties. Operating procedures will, among other things, provide for routine switching operations; scheduled maintenance; emergencies, including forced outages and unexpected contingencies; and for communications between Hydro and the Seller and between NP and the Seller. These procedures are required to enable Hydro or NP, or both, to exercise control, when needed to ensure power quality, system safety, security and reliability over the flow of Power and Energy from the Seller's Facility. Notwithstanding the existence of these procedures, when needed to ensure power quality, system safety, security and reliability, Hydro and NP shall have the right to exercise control of the circuit breakers at or near the Interconnection Point, the whole in accordance with Good Utility Practice.

6.03 Except for abnormal operating conditions or other causes beyond Seller's reasonable control, variations from any nominal frequency or nominal voltage shall be within normal operating ranges for which the equipment is rated by the manufacturer. The Seller shall be responsible for installing protective equipment to protect its own property and operations from variations in frequency or voltage, temporary delivery of other than three-phase Power and Energy, or from other system disturbances from the Interconnected Grid. The Seller's Facility shall not automatically disconnect from the Interconnected Grid for variations in frequency from 58.0 to 62.0 Hz.

6.04 The Seller agrees to provide suitable transforming equipment and all other electrical equipment on its side of the Interconnection Point, including electrical equipment that Hydro or NP may reasonably deem necessary from time to time during the Term of this agreement, for the safe and secure operation of the Interconnected Grid, consistent with Good Utility Practice.

6.05 The Seller shall operate the Facility in accordance with Good Utility Practice so as to minimize disturbance or fluctuations on the Interconnected Grid, or interference with communications systems or control circuits of Hydro, NP or of any other third party. The Seller shall take remedial measures at its own expense by way of installing suitable apparatus or otherwise as may be necessary to reduce any disturbance or fluctuations or any interference with the communications systems or control circuits to a level acceptable to Hydro acting reasonably upon notification of any such problems by Hydro in writing. Without limiting the generality of Article 13 of this Agreement, the Seller shall indemnify Hydro from claims and demands made against Hydro by any third party in consequence of any failure of the Seller to perform its obligations under this Clause, except for claims resulting from Hydro's or NP's negligence or misconduct.

6.06 After the Commercial In-Service Date, Hydro or NP, or both, may install equipment on its system that automatically recloses circuit breakers following an interruption of Power and Energy supply so as to improve the continuity of the supply of Power and Energy in accordance with Good Utility Practice. Where Hydro or NP has installed such equipment, the Seller shall, at its own expense, provide adequate protective equipment for all its Facility that might be adversely affected by the operation of the reclosing equipment. The Seller shall also install such equipment as may be required in accordance with Good Utility Practice for the prompt disconnection of any of the Seller's equipment that might affect the proper functioning of the reclosing equipment. The Seller shall co-operate with NP and use Reasonable Efforts to establish from time to time a mutually agreed upon reclosing time for the equipment, but failing such agreement, the decision of NP as to that time shall be final. Without limiting the generality of Article 13 of this Agreement, the Seller bears the sole responsibility for the cost of any damage to its equipment and transformers that may occur due to the operation of the Interconnected Grid including, but not limited to, reclosing, voltage imbalance, frequency deviations, outages, and system faults.

6.07 If at any time the Facility operates in such a manner that in Hydro's or NP's opinion, acting in a reasonable and prudent manner in accordance with Good Utility Practice, power quality is adversely affected or the safety and security of the Interconnected Grid or of Hydro's or NP's connected customers is threatened, Hydro or NP may give notice thereof to the Seller which notice may be given by telephone to an employee of the Seller who has been designated pursuant to Clause 6.08 or such other employee provided for in that Clause, and the Seller shall promptly remedy the said problem. If the problem continues for more than fifteen minutes after the notice, then Hydro or NP, as the case may be, may discontinue the receipt of Power and Energy to the extent necessary to alleviate the problem or the supply of that amount of Power and Energy which in Hydro's or NP's opinion, acting reasonably, will alleviate the problem and shall not be obliged to resume receipt of or supply of such Power and Energy until the Seller has remedied the problem. Hydro shall provide to the Seller a written confirmation of all notices it gives by telephone under this Clause but the Seller shall not delay taking corrective action pending its receipt of the written confirmation.

6.08 The Seller shall designate in writing to Hydro and NP the name of the employee or agent to whom notices under this section are to be given, and in default of such designation or in the event of the said employee or agent not being immediately available to receive any such

notice, the Seller agrees the notice may be given by telephone or otherwise to any other employee or agent of the Seller.

6.09 Notwithstanding Hydro's and NP's rights to discontinue the receipt of Power and Energy pursuant to Clause 6.07, if the Seller fails to perform any material obligation under this Agreement, Hydro may give written notice to the Seller that unless the obligation, which obligation shall be clearly explained in the notice, is completely fulfilled to the extent then capable of being fulfilled in accordance with Good Utility Practice within a reasonable period (which period excepting for emergency situations shall in no case be less than thirty (30) business days) after receipt of the notice, Hydro will discontinue the receipt or supply of Power and Energy. The right to discontinue the receipt of Power and Energy in this Clause is in addition to and not in limitation of any other rights provided elsewhere in this Agreement to discontinue the receipt or supply of Power and Energy for failure of the Seller to perform a particular obligation. If Hydro attains the right to discontinue the receipt of Power and Energy under this Clause but cannot electrically prevent Power and Energy from being transferred from the Seller to NP without interfering with NP's obligation to supply Power and Energy to the Seller, then Hydro may give notice to the Seller under this Clause that it is not obliged to make payments for Energy and such obligation shall cease, effective as of the time stated in the notice, however this clause does not relieve Hydro of its obligation to pay for Energy delivered by Seller prior to the date stated in the notice.

6.10 Notwithstanding that Hydro may have discontinued the receipt or supply of Power and Energy to the Seller by reason of failure of the Seller to perform any of its material obligations under this Agreement, or that Hydro has discontinued the receipt or supply of Power and Energy upon the request of the Seller, such discontinuance shall not be construed as a breach of contract by Hydro to receive Power and Energy from the Seller under this Agreement or as a breach of an obligation by NP to supply Power and Energy to the Seller under this Agreement, nor shall such discontinuance relieve the Seller from its obligations to pay NP for Power and Energy.

6.11 If, after Hydro has discontinued the receipt or supply of Power and Energy under Clause 6.09 by reason of failure of the Seller to perform any of its material obligations under this Agreement, and Seller continues in default in respect of its material obligations, Hydro may, at its option, give telephone notice and written notice to the Seller with a copy to the Lenders, that unless the said obligation is adequately fulfilled within a reasonable period (which period shall in no case be less than the longer of (a) 4 Months or (b) the amount of time estimated by Hydro, acting reasonably, to correct the situation to the extent then capable of cure applying Good Utility Practice), this Agreement may be terminated in accordance with this Clause. Any such notice shall clearly explain the obligation that the Seller is not fulfilling. If the Seller continues in default in respect of the obligation beyond the period specified in the notice and if Seller or the Lender does not demonstrate to Hydro, to Hydro's reasonable satisfaction, that it has taken or is taking measures to fully correct the situation to the extent then capable of cure in accordance with Good Utility Practice, subject to the Lender's right to take possession and/or cure any default, Hydro may elect to terminate this Agreement, unless the Seller assigns the Agreement, in accordance with Clause 17.01 to a party which Hydro agrees, and the default is remedied within the period specified in the written notice or such other period as Hydro may agree. Such termination shall be without waiver of any amounts which may be due or of any rights including

the right to damages for such breach which may have accrued up to and including the date of such termination.

6.12 Each party shall have the right, without penalty or liability for damages or breach of contract, to interrupt the supply or receipt of Power and Energy at any time (i) to the extent necessary to address emergencies confronting its system or to safeguard life or property (collectively an “emergency”) or (ii) for the purpose of such construction, maintenance, operation, repair, replacement or extension of their equipment or works as is prudent in accordance with Good Utility Practice or, (iii) as a result of an event of Force Majeure. Each party shall limit the frequency and duration of interruptions as much as practicable and in accordance with Good Utility Practice and, except in emergencies, shall give to the other party reasonable warning of its intention to interrupt the supply.

ARTICLE 7

POWER AND ENERGY USED BY THE SELLER

7.01 Hydro shall have the right to install, maintain and repair, at the Seller’s expense, metering at the Site for the purpose of ensuring that Power and Energy purchased from NP or Hydro is not being re-sold by the Seller to Hydro.

ARTICLE 8

LATE DELIVERY OF POWER AND ENERGY AND TERMINATION

8.01

- (a) If the Seller voluntarily or forcibly abandons all or substantially all its operations, commits an act of bankruptcy, liquidates all or substantially all its assets, or after the Commercial In-Service Date fails to obtain or maintain any material permits, authorizations or approvals which it is required by law or regulation to obtain or maintain for the operation of its Facility or for its existence as a corporate entity and such event or failure prohibits or materially impairs the Seller’s right or ability to operate the Facility as contemplated herein, then subject to the provisions of paragraph 8.01(b), and subject to Lender’s rights to take possession and/or to cure any default, on written notice to the Seller, Hydro may elect to terminate this Agreement and, subject to Clause 8.04, Hydro may, claim damages and any other appropriate legal remedy against the Seller.
- (b) Where Hydro elects to terminate this Agreement under paragraph (a) of this Clause 8.01, resulting solely from the Seller’s failure to attain or maintain any material permits, authorizations or approvals from any municipal, legislative or regulatory authority which is subject to a right of appeal or judicial review, Hydro shall provide Seller with a Notice at least 180 days prior to exercising its termination right and the Seller shall have two years from the date Hydro has terminated the Agreement in which it may pursue any legal remedies it may have to attain or retain the permits, authorizations or approvals. If the Seller is successful in attaining or retaining such permits, authorizations or approvals, then the Agreement shall be deemed to continue as if no time has passed since

termination, as of thirty days after Hydro receives written notice from the Seller of such event. The commencement of an appeal or other legal proceedings or claims by the Seller shall not prevent Hydro from seeking any remedies or damages, subject to Clause 8.04, including those arising from the termination of the Agreement or the circumstances which led to its termination. At any time, the Lenders will be granted the opportunity to cure such default provided for herein.

8.02 If Hydro terminates the agreement prior to the Commercial In-Service Date, then Hydro shall be liable for the return of all Performance Security in full plus only those reasonable, salaries, fees, deposits, interest costs and out-of-pocket expenses which are incurred by the Seller after the execution of this Agreement or concurrently herewith, in the development, financing, procurement of power generation, procurement of turbines, transportation and transformation equipment and construction of the Facility (including, for greater certainty, any and all loan advances made under the Project Financing and expended on the Facility, break-funding costs, prepayment fees or expenses incurred or to be incurred by the Seller upon such early cancellation or termination of the Project Financing and construction contracts) plus interest at the prevailing prime rate of the Bank of Nova Scotia plus 2% from notice of termination by Hydro until payment in full, but in no such case shall Hydro be liable for an amount or amounts to compensate the Seller for other losses, costs or claims by the Seller or by third parties against the Seller, or any other damages, including any loss of expected profits or revenues contemplated as potentially flowing to the Seller pursuant to this Agreement, or for any other expenses or amounts the Seller has incurred prior to the date of this Agreement. For the avoidance of doubt, no exercise by Hydro of rights under this Clause 8.02 shall directly or indirectly give rise to any right, title or interest of Hydro in the Facility and related property.

8.03 If the Commercial In-Service Date has not occurred on or before December 31, 2008 due to the Seller's failure to make all Reasonable Efforts and incur all reasonable costs to achieve it,, the Seller shall pay Hydro the lesser of either \$162,000 per month, or an amount equal to the difference between the cost of wind energy to Hydro calculated pursuant to this Agreement that would have been delivered by the completed Facility, and the cost of fuel consumed to generate the same amount of energy at its Holyrood Generating Station, for the period between January 1, 2009 to the earlier of the Commercial In-Service Date and December 31, 2009, such amount to be paid only to the extent that the cost of fuel as calculated below is higher than the cost of wind energy calculated pursuant to this Agreement.

Hydro's avoided cost (\$/kWh) at its Holyrood Generating Station shall be calculated by application of the following formula:

$$HFC = ACF \div CR$$

Where HFC is the avoided cost of fuel at Hydro's Holyrood Generating Station expressed in \$/kWh;

ACF is the average cost (\$/BBL) of No. 6 fuel consumed at Holyrood for the period under consideration; and

CR is the conversion factor for Holyrood and is equivalent to 630 kWh/BBL.

Should Seller not have made all Reasonable Efforts to achieve the Commercial In-Service Date by December 31, 2009, Hydro may, at its sole reasonable discretion, terminate this Agreement without incurring any liability to the Seller whatsoever and may claim against the Seller amounts that shall not exceed the payments expressly provided for in this Section 8.03. In the event that the Commercial In-Service Date has not occurred by December 31, 2010, Hydro may, at its sole reasonable discretion, terminate this Agreement without incurring any liability to the Seller whatsoever, and without the Seller incurring any liability provided the Seller has made all Reasonable Efforts to achieve the Commercial In-Service Date.

8.04 Notwithstanding anything to the contrary in this agreement, the maximum aggregate liability for damages to be paid by Seller to Hydro arising out of any termination of this Agreement by Hydro after the Commercial In-Service Date shall be \$675,000, provided that the foregoing limitation will not apply to a termination arising out of a failure to use Reasonable Efforts to operate the Facility in accordance with Good Utility Practice, or a breach by the Seller of its obligation to sell Power and Energy from the Facility only to Hydro.

ARTICLE 9 HYDRO'S OPTION TO ACQUIRE FACILITY

9.01 Exercisable at Hydro's sole and unfettered discretion on the tenth, fifteenth or twentieth anniversary of the Commercial In-Service Date, and following six months prior notice from Hydro, the Seller shall transfer to Hydro, free from any lien or encumbrance created by the Seller, all its right, title and interest in and to the real property and fixtures, fittings, plant and equipment (including test equipment and special tools) and all improvements comprising the Facility.

9.02 In respect of the exercising of its option pursuant to Article 9.01, Hydro agrees to pay the Seller an amount calculated by application of the following formula:

$$TP = \frac{5YRE}{5} \times (FER \times FERe) \times \frac{(1 + DR)^{RYRS} - 1}{DR \times (1 + DR)^{RYRS}}$$

where TP is the payment to be made to the Seller by Hydro upon the transfer of the Facility

5YRE is the total energy sold to Hydro during the five full contract years immediately prior to the date of transfer;

FER is the fixed price component as stated in Clause 2.03;

FERe is the fixed price component escalation factor as defined in Appendix F;

RYRS is the number of years remaining in the agreement and is calculated by subtracting the anniversary of the Project In-Service

Date in which Hydro is exercising its option pursuant to Article 9.01 from 20; and

DR is the overall rate of return from the construction and operation of the Facility as indicated by the Seller as being 10%.

9.03 Upon receipt of Hydro's notice that it wishes to exercise its option pursuant to Article 9.01, Hydro and the Seller shall meet and agree the inventories involved, the mechanics of transfer and security arrangements but the Seller shall not be liable for any discrepancies between such inventories and the actual fixtures, fitting and plant and equipment transferred provided that following agreement on inventories the Seller shall exercise the same care regarding the fixtures, fitting and plant and equipment and all improvements therein as it did prior to agreeing the same and provided further that Hydro shall be entitled to provide a security unit within the Site.

9.04 The Facility and all other equipment transferred pursuant to this Article 9 shall be transferred on an "as is" basis and any warranties which would otherwise be implied by statute or otherwise, including, without limitation, warranties as to title, fitness for the purpose, the absence of patent or inherent defects, description or otherwise of whatsoever nature will be excluded and after the transfer date the Seller shall be under no liability whatsoever to Hydro in respect of the operation or otherwise of the Facility by Hydro or a person designated by Hydro and Hydro shall indemnify and keep indemnified the Seller against any liability to any person arising from the use or operation of the Facility after the date of transfer provided however that the Seller shall subrogate or assign to Hydro any and all rights and benefits which it is able to subrogate or assign of any unexpired warranties in respect of the building, plant and equipment of the Facility under applicable laws or otherwise.

9.05 Hydro shall be responsible for all reasonable costs and expenses (including legal fees and taxes or duties, but excluding income tax impacts upon the Seller) incurred by either party in connection with the transfer referred in this Article 9 and shall at its own cost obtain or effect all governmental and other approvals, licenses, registrations and filings and take such other action as may be necessary for the transfer contemplated in this Article 9, and reimburse the Seller on demand for all such reasonable costs and expenses incurred by the Seller in respect of such transfer.

ARTICLE 10 CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

10.01 Should the Seller require NP or Hydro to provide a transmission line on the Seller's property for the purposes of the Facility, the Seller shall execute a standard form easement instrument provided by Hydro or NP to effect the granting of an easement of right-of-way and other easement rights required by Hydro or NP for these purposes, subject to applicable Lenders' rights.

10.02 The Seller shall not erect any building, structure or object on or over any right-of-way referred to in Clause 10.01 without the written approval of Hydro or NP, as the case may be,

but subject to that limitation the Seller shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

10.03 Any changes that the Seller may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 10.01 shall be made by Hydro, or NP as the case may be, but the Seller shall bear the expense of any such changes.

10.04 All transmission lines, Interconnection Plant and other apparatus furnished and installed by Hydro or NP on the Seller's Site, shall remain the property of Hydro or NP, as the case may be, and Hydro or NP shall each be entitled to remove its transmission lines, interconnection equipment and apparatus on the expiry or termination of this Agreement, however if Hydro terminates this Agreement pursuant to paragraph 8.01(a), such removal shall not be allowed if Seller is diligently pursuing legal remedies to have its permits, authorizations, or approvals reinstated, all in accordance with paragraph 8.01 (b).

ARTICLE 11 SAFETY

11.01 The Seller and Hydro actively encourage the use of the best safety practices in the construction and operation of their respective facilities. Both parties shall ensure that all applicable safety laws and regulations are adhered to with respect to the Facility and the associated operations throughout the Term hereof. In addition to requirements elsewhere for operation of the facility in accordance with Good Utility Practice, Seller acknowledges that for construction activities Hydro endorses the Certificate of Recognition Safety Program of the Newfoundland and Labrador Construction Safety Association (NLCSA). Accordingly, Seller agrees to ensure that, prior to the commencement of performance of construction activities at the Site, the general contractor and all subcontractors obtain and deliver proof of a valid Certificate of Recognition from the NLCSA or similar accreditation/ safety program acceptable to Hydro. Where Seller performs construction activities itself it shall be considered a contractor for the purposes of this clause.

ARTICLE 12 ENVIRONMENT

12.01 Hydro, through its environmental policy, commits to compliance with legal and other requirements, to prevention of pollution, and to continual improvement.

12.02 Seller shall ensure protection of the environment at the Facility and Seller and its contractors must be aware of potential environmental impacts during construction and operation of the Facility. Seller shall ensure that its employees and agents and its contractors and their employees and agents comply with all applicable environmental laws, regulations, permits and requirements of federal, provincial and municipal authorities and, on a best effort basis, Seller shall ensure that its contractors comply with the aforementioned Hydro's environmental policy.

12.03 Seller shall provide Hydro with copies of environmental permits, approvals and monitoring studies prior to commencement of the relevant work.

12.04 The Seller shall obtain and pay for any and all permits, licenses or easements necessary or required for the delivery of electricity pursuant to the provision of this agreement. Hydro shall provide any assistance with respect thereto reasonably requested by the Seller, at the Seller's expense. The Seller shall comply fully with all laws, regulations and ordinances of the proper public authorities in connection with the performance of its duties under this agreement.

ARTICLE 13

RESPONSIBILITY FOR DAMAGES, INSURANCE

13.01

- (a) The Seller shall assume all obligations, risks and responsibility for, and shall indemnify and save Hydro and NP and their officers, directors, shareholders, employees, agents and contractors, harmless from and against any and all claims, liability, loss, damages, demands, costs or expenses that may be made or incurred for injuries or damages to persons or property of others or which, but for this provision, would be incurred directly by Hydro or NP, their employees or contractors and which arise in connection with the occupation, construction, maintenance or operation of the Seller's works under this Agreement, except to the extent such injuries or damages are caused in whole or in part, by negligence or any tortious act or omission on the part of Hydro or NP or any of their officers, directors, employees, agents or contractors.
- (b) Hydro shall assume all obligations, risks and responsibility for, and shall indemnify and save the Seller and its officers, directors, shareholders, employees, agents and contractors, harmless from and against any and all claims, liability, loss, damages, demands, costs or expenses that may be made or incurred for injuries or damages to persons or property of others or which, but for this provision, would be incurred directly by Seller, its employees or contractors and which arise in connection with the occupation, construction, maintenance or operation of the Interconnection Plant or other lines, facilities or apparatus of Seller on the premises of Hydro, except to the extent such injuries or damages are caused in whole or in part by negligence or any tortious act or omission on the part of Seller or any of its officers, directors, employees, agents or contractors.

13.02 If any of the Interconnection Plant, or other apparatus installed by Hydro or NP on the Seller's Site should be destroyed or damaged by the negligence of the Seller, its servants or agents, the Seller shall reimburse Hydro or NP, as the case may be, for the cost of their replacement or repair, reduced, as the case may be, by the proceeds of any insurance received by Hydro or NP with respect of such destruction or damage.

13.03 If at any time during the Term of the Agreement, the construction of the Facility or the operation of the works of either party to the Agreement is suspended in whole or in part, or the performance of a party's obligations hereunder is delayed, interfered with or made impossible by reason of events beyond the reasonable control of and not foreseen or foreseeable, the party affected due to war, rebellion, civil disturbance, strikes, serious epidemics, fire, action or non-action of a governmental, court or public authority, including failure to obtain a permit or

authorization required to proceed with or operate the project or another fortuitous event (an event of “**Force Majeure**”) then, subject as hereinafter set out, such party will not be liable to the other party for any resulting failure to perform its obligations hereunder nor shall any remedy against the affected party be exercisable until the cause of and the resulting inability to perform due to such Force Majeure has been removed, and any due dates for performance by a party as set forth herein shall be extended accordingly; provided that no event of Force Majeure shall excuse the performance of payment obligations hereunder for services already rendered or Energy already delivered. In any event of Force Majeure, the party or parties whose performance has been affected shall use all reasonable diligence and take such action as it or they may lawfully initiate to remove the cause of the Force Majeure. Upon and during the occurrence of an event of Force Majeure, each party shall continue to perform its covenants under this Agreement as soon as possible and to the extent then remaining possible.

For greater certainty, (a) the works of Hydro referenced in this Clause 13.03 are limited to the Interconnection Plant and any portion of the Interconnected Grid directly related to Hydro’s ability to receive Power and Energy from the Facility into the Interconnected Grid, (b) in no event shall the shortage of construction materials or equipment in itself constitute an event of Force Majeure and c) action by Hydro shall not be construed as “action of a governmental authority” in the above definition of Force Majeure.

13.04 In case any action shall be brought or a claim is made against either party named in paragraph 13.01(a) or paragraph 13.01(b) (which party is hereinafter referred to as the “defendant”) and in respect of which indemnity may be sought against the other party (which other party is hereinafter referred to as the “indemnifying party”), such defendant shall promptly notify the indemnifying party in writing, and the indemnifying party shall assume the defence thereof, including the employment of counsel and the payment of all expenses. The defendant shall have the right to employ separate counsel in any such action and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the defendant unless the employment of such counsel has been specifically authorized by the indemnifying party. The indemnifying party shall not be liable for any settlement of any such action effected without its consent but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action or if the indemnifying party has failed to assume the defence thereof the indemnifying party, subject to the assumptions of liability referred to above, shall indemnify and hold harmless the defendant from and against any loss or liability by reason of such settlement or judgment. In the event any such damage or loss is caused by the contributory negligence of Hydro and Seller, each party shall bear its own portion of the damages for which it is found to be responsible.

13.05 The Seller shall acquire and maintain “All Risk Property” insurance on the whole of the Facility and shall keep the Facility and all related operations insured against liability and all other such risks as are customarily insured against in the case of similar operations. Such insurance shall be with insurers and in a form and amount reasonably acceptable to Hydro.

13.06 Comprehensive general liability insurance shall have a minimum limit of Five Million Dollars (\$5,000,000) per occurrence and shall contain a cross liability clause with Hydro and NP named as an additional insureds.

13.07 All other insurance shall name Hydro and NP as additional insureds for the carrying out of its interest as it may exist per this Agreement and it shall be a term of each insurance policy, to the extent such can be reasonably secured from the insurance companies, that Hydro and NP shall be advised at least thirty days in advance of any insurance policy changes or cancellations. The Seller shall provide Hydro with certified copies of all insurance required by this Agreement proving that such policies are in full force and effect, and the Seller shall maintain such policies or similar acceptable alternatives for the full Term of this Agreement.

13.08 The Seller shall not commit or permit any act or omission invalidating any such insurance, or adversely impact Hydro's policies of insurance.

13.09 If the Facility is damaged or destroyed by a peril that is or should have been covered by insurance pursuant to this Agreement, the Seller covenants to repair or rebuild same or comparable Facility, using equipment available at the time of such rebuild, with all reasonable diligence.

ARTICLE 14

PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF THE SELLER

14.01 The Seller shall render its accounts monthly and Hydro will, within twenty (20) days after the date of receiving such account, make payment in lawful money of Canada at the appointed office of the Seller or by means of direct deposit into a Canadian bank account of the Seller. Any amounts in arrears or overdue to the Seller after expiration of such twenty (20) days shall bear interest, before and after judgment, at the prime rate of Bank of Nova Scotia plus 2% annually until such balance is paid.

14.02 Every claim or counterclaim which the Seller may have or claim to have against Hydro, or which Hydro may have or claim to have against Seller arising under this Agreement with respect to payment for Power and Energy or any adjustments thereto shall be submitted in writing to the other party within ninety (90) days from the last day of the Month in which the Power and Energy was supplied, failing which such claim or counterclaim shall be deemed to have been waived by the party otherwise entitled thereto.

Notwithstanding any limitation periods otherwise applicable thereto, in respect of all claims for payment noticed as aforesaid and in respect of any other claims or counterclaims by a party against the other party hereto, howsoever arising, such claim or counterclaim shall be deemed to have been waived by the claimant (and the other party released therefrom) unless arbitration proceedings under Article 15, if applicable, or an action shall have been commenced within two (2) years of the date claimant had or ought reasonably to have had knowledge of the event giving rise to such claim, save and except where the claimant had no knowledge of the event because the counterparty withheld information.

14.03 Except as otherwise expressly provided for herein, neither Seller nor Hydro shall bear any liability to the other for indirect, punitive or consequential damages.

ARTICLE 15

FRIENDLY CONSULTATION AND ARBITRATION

Friendly consultation

15.01 The parties agree to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner. In the event of any dispute, the parties shall attempt in the first instance to resolve such dispute through friendly consultations between the parties. If such consultations do not lead to a resolution, the parties shall refer the dispute to their senior management for further consultation for up to sixty (60) days. If such consultations do not result in a resolution of the dispute within such sixty (60) day period, either party may pursue all of its remedies available pursuant to this agreement. The parties agree to provide each other with reasonable access during normal business hours to any and all non-privileged records, information and data pertaining to such dispute.

Continued performance

15.02 During the continuation of any dispute arising under this agreement, the parties shall continue to perform their respective obligations under this agreement, including prompt and timely payment of all undisputed amounts due hereunder, until all appeal processes have been exhausted.

Specific performance

15.03 Notwithstanding anything to the contrary contained in this Article 15, if, due to a material breach or threatened material breach or default or threatened default, a party is suffering irreparable harm for which monetary damages are inadequate, such party may petition a court of competent jurisdiction for injunctive relief, specific performance or other equitable relief. The inclusion of this Clause 15.03 does not imply that either party has or has not consented to the appropriateness of the granting of equitable relief under applicable law.

Arbitration

15.04 If any claim made by the Seller in accordance with Clause 14.02 is not agreed to by both parties, the matters in dispute may be submitted, within two months from the time the claim arose, for decision to a board of arbitrators consisting of three members, one to be named by each party to this Agreement and the third to be named by the two arbitrators so chosen, and the decision of any two members of the board of arbitrators shall be final and binding upon both parties.

15.05 The charges of the third member of a board of arbitrators who shall be the chairperson of that board, shall be borne by the losing party, and the parties shall bear the costs or charges of their own appointees.

15.06 If the two appointees of the parties are unable to agree upon the third arbitrator or chairperson, the chairperson shall be appointed upon application of either party to the Trial Division of the Supreme Court of Newfoundland and Labrador or a judge of that Division.

15.07 The period of delay for appointment by the parties to this Agreement of their respective nominees shall be seven days after notification by the other party to this Agreement of its nominee, and the period for agreement by the two nominees on the chairperson shall be ten days.

15.08 The provisions of the Arbitration Act, Chapter A - 14 of the Revised Statutes of Newfoundland and Labrador, 1990, as now or hereafter amended shall apply to any arbitration held pursuant to this Article 15.

ARTICLE 16

MODIFICATION OF AGREEMENT AND ADDITION OF APPENDICES

16.01 Any amendment, change or modification of this Agreement shall be binding upon the parties hereto or either of them only if such amendment, change or modification is in writing and is executed by each of the parties to this Agreement by its duly authorized officers or agents and in accordance with its regulations or by-laws.

ARTICLE 17

SUCCESSORS AND ASSIGNS

17.01 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. It is acknowledged and agreed that the Seller may assign this Agreement by way of security under Clause 17.03, or to any affiliate of the Seller, but this agreement shall not otherwise be assignable by the Seller without the written consent of Hydro, which consent shall not be unreasonably withheld, provided always that any assignee or purchaser demonstrates to Hydro's reasonable satisfaction that it has the capability to manage, operate, maintain and repair the Facility and agrees to be bound by this Agreement and all ancillary agreements. Upon any permitted assignment of this Agreement by Seller (other than pursuant to Clause 17.03 hereof), Hydro covenants and agrees that it shall execute and deliver to Seller, in such form as reasonably required by Seller, a full and complete release and discharge of Seller of and from any and all covenants, obligations, liabilities, claims, demands, actions, causes of action, damages and undertakings whatsoever, arising in, pursuant to, under or in respect of this Agreement (as the same may be amended from time to time) subsequent to the date of any such assignment.

17.02 For greater certainty:

- (a) Hydro shall not be required to permit the assignment of this Agreement to any Regulated Utility or corporate affiliate of any Regulated Public Utility, and
- (b) Seller shall not permit its Facility to be held by, or to be assigned to, any third party subsidiary, Associate or corporate affiliate of any Regulated Public Utility,

unless this Agreement and the power purchase costs of Hydro payable for Energy under this Agreement have been approved without alteration, prior to any such assignment by any regulatory body then having jurisdiction over Hydro or such assignee.

17.03 Seller (or any permitted assignee) may assign its rights in and under this Agreement, and in particular the right to receive payments due from Hydro for Energy to be purchased by Hydro, as security for Project Financing, and any such Lender assignee shall be entitled to further assign or otherwise alienate such rights in connection with the enforcement or realization of such security, and such Lender(s) or further assignee shall have and be entitled to exercise all the rights of Seller under this Agreement upon accepting all of the duties and obligations of the Seller provided herein. Hydro hereby agrees to enter into an Acknowledgement and Consent Agreement with the Lenders by which Hydro will agree to:

- (a) execute such documents as the Lenders shall reasonably request, provided that such documents or amendments do not materially increase Hydro's obligations, whereby Hydro; (a) makes customary representations and warranties to the Lenders, (b) certifies that the Agreement is in full force and effect and has not been modified and that there are no defaults under the Agreement (except, in each case, as specifically stated in such certification), (c) represents and warrants that the Agreement is enforceable against Hydro, subject to the limitations customary for representations and guarantees of this nature, (d) consents to the collateral assignment of the Agreement to the Lenders as security for the debt relating to the Facility, (e) agrees not to enter into amendments or modifications of the Agreement without the consent of the Lenders, except as set forth in the Agreement, (f) agrees to give the Lenders notice of and reasonable opportunity to cure any defaults of the Seller under the Agreement, and (g) modifies or clarifies provisions of the Agreement as reasonably requested by the Lenders;
- (b) deliver customary legal opinions of counsel to Hydro.

ARTICLE 18 APPLICABLE LAW AND FORUM

18.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 19 PERFORMANCE SECURITY

19.01 The Seller shall, within thirty days of the execution of this Agreement, provide Hydro with the Performance Security.

19.02 The Performance Security shall be returned by Hydro to the Seller within forty five days following the Commercial In-Service Date.

ARTICLE 20 ADDRESS FOR SERVICE

20.01 Subject to Clauses 20.02 and 20.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either of the parties

hereto shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally delivered, or sent by prepaid telegram or facsimile transmission, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to:

The Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, NL
Canada A1B 4K7

Fax Number: (709) 737-1782

or

(b) on the Seller, to:

Suite 500, 1324-17th Avenue S.W.
Calgary, Alberta T2T 5S8

Attention: Corporate Secretary

Fax Number: (403) 298-0255

Email: canhydro@canhydro.com

20.02 Any notice, request or other instrument given, made or served as provided in Clause 20.01 shall be deemed to have been received by the party hereto to which it is addressed, if personally served on the date of delivery, or if mailed three days after the time of its being so mailed, or if sent facsimile transmission, one day after the date of sending.

20.03 Either of the parties hereto may change the address to which a notice, request or other instrument may be sent to it by giving to the other party to this Agreement notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 20.01 to such party at the new address.

ARTICLE 21 INTERPRETATION

21.01 In the event that any provision of this Agreement other than Article 2 and the Term of this Agreement, as specified in Clause 1.02, is ruled to be invalid by any court of competent jurisdiction, it shall be severable from the remainder of the Agreement and the remainder of the Agreement shall remain effective and unaffected by the invalid provision. The parties agree, however, that the continued enforceability of Clause 1.02 and Article 2, without substantive alteration, are considered by the parties to be fundamental to this Agreement.

21.02 All previous communications or agreements between the parties, whether verbal or written are hereby abrogated except where such agreements or communications are expressly referred to or incorporated in this Agreement and in any such a case, they shall be relevant to the interpretation of this Agreement only to the extent and for the purposes for which they have been referred to herein.

21.03 In this Agreement all references to dollar amounts and all references to any other money amounts are, unless specifically otherwise provided, expressed in terms of coin or currency of Canada which at the time of payment or determination shall be legal tender herein for the payment of public and private debts.

21.04 Words in this Agreement importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.

21.05 Where a word is defined anywhere in this Agreement, other parts of speech and tenses of the same word have corresponding meanings.

21.06 Wherever in this agreement a number of days is prescribed for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.

21.07 Whenever this Agreement requires a notice to be given or a request or payment to be made on a Sunday or legal holiday in the Province, such notice, request or payment may be given or made on the first business day occurring thereafter, and, whenever in this agreement the time within which any right will lapse or expire shall terminate on a Sunday or legal holiday, such time will continue to run until the next succeeding business day.

21.08 The headings of all the articles are inserted for convenience of reference only and shall not affect the construction or interpretation of this agreement.

21.09 Any reference in this agreement to an article, a clause, a subclause, a paragraph or a section shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause, a paragraph or a section of this agreement.

21.10 This agreement may be executed in two (2) or more counterparts, each of which when so executed shall be deemed to be an original, but all of such counterparts together shall constitute one (1) and the same instrument.

IN WITNESS WHEREOF Newfoundland and Labrador Hydro and Vector Wind Energy Inc. have each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

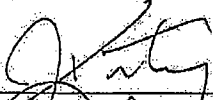
THE CORPORATE SEAL of
Newfoundland and Labrador
Hydro was hereunder affixed in
the presence of:

Witness

By:


President & CEO

And:


VWE - Business Development

DULY EXECUTED BY

Vector Wind Energy Inc.
in accordance with its
Regulations or By-Laws
in the presence of:

Witness


M. ANN HUGHES
Corporate Secretary

APPENDICES

APPENDIX Schedule, Designs, Plans and Specifications	A
APPENDIX Metering/Losses Adjustment	B
APPENDIX Interconnection Plant	C
APPENDIX Form of Letter of Credit	D
APPENDIX Operations Agreement	E
APPENDIX Escalation	F

APPENDIX D

FORM OF LETTER OF CREDIT

Appendix D

Letter of Credit

(Bank)

(Date)

To: Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place
St. John's, Newfoundland and Labrador
Canada A1B 4K7

Irrevocable Standby Documentary Credit

Ref. No. _____

Pursuant to the request of our customer _____(hereinafter called Proponent/Successful Proponent), we hereby establish an Irrevocable Standby Documentary Credit in your favour, in connection with performance of requirements stipulated in **RFP – Wind Generation 33460 OQ** issued by you, for a sum not exceeding a total of _____Dollars \$_____).

All or part of the amount available under this Credit is payable to you on demand upon presentation of your drafts at sight drawn on the Bank of Nova Scotia, Water Street Branch, St. John's, Newfoundland and Labrador, Canada.

The effective date of this Credit is _____ . This Credit will expire at our office at _____ on _____ .

All of your drafts drawn under and in compliance with the terms of this Credit will be honoured if duly presented at before-said branch office of the Bank of Nova Scotia on or before the expiration date notwithstanding any notice that may be given by the Proponent/Successful Proponent or any other party or person to us not to pay the same.

After the expiration date, we shall not have any further liability to Newfoundland and Labrador Hydro.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Paris, France, Publication No. 500), as amended.

Yours very truly,

for _____
(Bank)

Bank's Address

APPENDIX F

ESCALATION

APPENDIX F

Page 1 of 4

This appendix defines the variables required to escalate the fixed price and the operating and maintenance price components according to the provisions of Article 2.02.

F.1 Calculation of FERe

For the purpose of Article 2.02, the escalation factor for the fixed price component of price for Energy is based upon the Statistics Canada Price Index – All Items Annual (CANSIM Series Identifier V737344):

$$\text{FERe} = \frac{\text{CPI}_{2008}}{\text{CPI}_{2006}}$$

where CPI is the average annual value for the year ended December 31st of the Statistics Canada Price Index (referred to above) for the date indicated by the corresponding subscript.

FERe is to take effect January 1st, 2009 for the Term of the Agreement. As the statistics for year 2008 are unavailable as of January 1st, 2009, until such statistics are available, FERe shall be temporarily computed as $\text{CPI}_{2007}/\text{CPI}_{2006}$ and shall continue to remain in effect until the statistics for year 2008 become available. At that time, a retroactive adjustment B will be made by the party benefiting from the difference in price to the other party to compensate for the incremental change in escalated Energy payments for the period mentioned above. The adjustment B will be determined by the formula set forth below:

$$B = \text{SE} \times (\{\text{CPI}_{2008} \div \text{CPI}_{2006}\} - \{\text{CPI}_{2007} \div \text{CPI}_{2006}\}) \times \text{FER}$$

where SE is the Energy sold to Hydro by the Seller during the period described above;

CPI is the average annual value for the year ended December 31st of the Statistics Canada Price Index (referred to above) for the date indicated by the corresponding subscript; and

FER is as defined in Paragraph 2.02.

If B is greater than zero, Hydro will reimburse the Seller. If B is less than zero, the Seller will reimburse Hydro.

F.2 Rebasing and Revision of FERe

In the event that the Statistics Canada Price Index referred to in F.1 is revised or rebased, the following formula will be used to determine FERe:

$$\text{FERe} = \frac{\text{CPI}_{2008 \text{ rev}}}{\text{CPI}_{2006 \text{ rev}}}$$

where CPI is the revised or rebased value of the Statistics Canada Price Index (referred to in F.1) for the date indicated by the corresponding subscript.

F.3 Calculation of OMe

For the purpose of Article 2.02, the escalation factor for the operating and maintenance component of price for Energy is based upon the Statistics Canada Price Index – All Items Annual (CANSIM Series Identifier V737344):

$$\text{OMe}_i = \prod_{y=2008}^i \text{ESC}_y$$

subject to

$$\text{ESC}_y = \frac{\text{CPI}_{y-1}}{\text{CPI}_{y-2}}$$

where i is as defined in Article 2.02; and

CPI is the average annual value for the year ended December 31st of the Statistics Canada Price Index (referred to above) for the date indicated by the corresponding subscript.

$$\prod_{y=2008}^i \text{ESC}_y \text{ is equivalent to } \text{ESC}_{2008} \times \text{ESC}_{2009} \times \dots \times \text{ESC}_i$$

OMe_i is to take effect January 1 of year i and is to be in force until January 1 of the following year except in the event of statistic revisions or rebasing. In the event that the statistics for year i are unavailable as of January 1st of year i, the OMe for the preceding year shall continue to remain in effect until the statistics

become available and are included in the Energy price formula. At that time, a retroactive adjustment A_i will be made by the party benefiting from the difference in price to the other party to compensate for the incremental change in escalated Energy payments for the period mentioned above. The adjustment A_i will be determined by the formula set forth below:

$$A_i = SE_i \times (OMe_i - OMe_{i-1}) \times OMER$$

Where SE_i is the Energy sold to Hydro by the Seller during the period described above; and

$OMER$ is as defined in Paragraph 2.02.

If A_i is greater than zero, Hydro will reimburse the Seller. If A_i is less than zero, the Seller will reimburse Hydro.

F.4 Rebasing and Revision of OMe

In the event that the Statistics Canada Price Index referred to in F.3 is revised or rebased, the following formula will be used to determine OMe_i :

$$OMe_i = \prod_{y=2008}^i ESC_{y \text{ rev}}$$

subject to

$$ESC_y = \frac{CPI_{y-1 \text{ rev}}}{CPI_{y-2 \text{ rev}}}$$

where i is as defined in Article 2.02; and

CPI_{rev} is the revised or rebased value of the Statistics Canada Price Index (referred to in F.3) for the date indicated by the corresponding subscript.

F.5 Compensation for Rebasing or Revisions of FERe and OMe

If a published value of the Statistics Canada Price Index (referred to in F.1 and F.3) is revised or found by the publisher thereof to be erroneous, and if a correction of such index is published, then a retroactive payment shall be made by the party benefiting from the difference in price to the other party. The

payment will be retroactive for a period of twelve months from the date of the publication of the correction, and will be equal to the difference in payments made and the payments that should have been made as a result of the change.

F.6 Calculation of MT_i

For the purpose of Article 2.02, the adjustment to account for municipal taxation is defined by the following:

$$MT_i = 1.0100 \quad \text{where} \quad 2008 \leq i \leq 2013$$

$$MT_i = 1.0125 \quad \text{where} \quad 2014 \leq i \leq 2018$$

$$MT_i = 1.0150 \quad \text{where} \quad 2019 \leq i \leq 2023$$

$$MT_i = 1.0175 \quad \text{where} \quad 2024 \leq i \leq 2028$$

Executive
Council



Newfoundland
and Labrador

*Certified to be a true copy of a Minute of a Meeting
of the Committee of the Executive Council of Newfoundland and
Labrador approved by His Honour the Administrator on*

2013/04/04

OC2013-088

MC2013-0237. NR2013-010. EPC2013-019.

Under the authority of section 4 of the Hydro Corporation Act, 2007, section 4 of the Energy Corporation Act, and section 245 of the Corporations Act, the Lieutenant Governor in Council is pleased to direct Newfoundland and Labrador Hydro and Nalcor to extend their agreement requiring Newfoundland and Labrador Hydro to pay Nalcor 4 cents per kilowatt-hour for any and all electrical energy taken by Newfoundland and Labrador Hydro from the Exploits Generation assets until June 30, 2014.

A handwritten signature in dark ink, reading "Robert C. Thompson".

Clerk of the Executive Council

(Forwarded April 05, 2013 to replace OC2013-088 previously forwarded)

THIS AGREEMENT

made in duplicate at St. John's in the Province of
Newfoundland and Labrador, the 9th day
of October, A.D., 2003.

BETWEEN

NEWFOUNDLAND AND LABRADOR HYDRO, a
corporation constituted pursuant to the *Hydro
Corporation Act*, Chapter H-16 of the 1990 Revised
Statutes of Newfoundland and Labrador, (hereinafter
referred to as "Hydro")

OF THE FIRST PART

AND

FRONTIER POWER SYSTEMS INC., a body corporate
duly organized and existing under the laws of Canada
Business Corporation Act, (hereinafter referred to as the
"Generator")

OF THE SECOND PART

WHEREAS the Generator proposes to operate a wind generation plant (hereinafter
called "the Plant") at Ramea, Newfoundland, aforesaid, more particularly described
in Schedule "C" attached hereto;

AND WHEREAS the Generator desires to sell to Hydro electricity generated at the
Plant;

AND WHEREAS the Plant is located within Hydro's service area;

AND WHEREAS the parties hereto have agreed to enter into an agreement for the
supply and purchase of electricity, upon the conditions hereinafter appearing;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, each, in consideration of the premises and of the covenants, agreements and declarations made herein by the other, covenant, agree and declare as follows:

ARTICLE 1 - DEFINITIONS

1.01 In this Agreement, unless the context otherwise requires, the following definitions shall apply:

- (a) "Commencement Date" means the date which follows the day upon which all features and equipment of the Generator's Plant are demonstrated to Hydro's satisfaction capable of operating simultaneously to deliver Power and Energy continuously into Hydro's isolated electrical system at Ramea as provided in this Agreement.
- (b) "Electricity" includes power and energy.
- (c) "Energy" means the amount of electricity delivered during a given period of time and measured in kilowatt hours ("kWh").
- (d) "Month" or "Monthly" means a calendar month.
- (e) "Hydro's Facilities" means any and all equipment associated with the generation, transmission or distribution of electricity, owned by Hydro.
- (f) "Point of Delivery" means the jumper connection joining the load side of the Generator's group operated, disconnect switch to Hydro's Facilities, specifically the three (3) phase 4.16 kV primary

distribution lines which are deadended on the same structure as the Generator's group operated disconnect switch.

(g) "Power" means that amount of electrical power delivered at any time and measured in kilowatts.

(h) "Province" means the Province of Newfoundland and Labrador.

ARTICLE 2 – INTERPRETATION

- 2.01 In this Agreement all references to dollar amounts and all references to any other money amounts are, unless specifically otherwise provided, expressed in terms of coin or currency of Canada which at the time of payment or determination shall be legal tender herein for the payment of public and private debts.
- 2.02 Words in this Agreement importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.
- 2.03 Where a word is defined anywhere in this Agreement, other parts of speech and tenses of the same word have corresponding meanings.
- 2.04 Wherever in this Agreement a number of days is prescribed for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.
- 2.05 Whenever this Agreement requires a notice to be given or a request or payment to be made on a Sunday or legal holiday, such notice, request or payment may be given or made on the first business day occurring thereafter, and, whenever in this Agreement the time within

which any right will lapse or expire shall terminate on a Sunday or legal holiday, such time will continue to run until the next succeeding business day.

- 2.06 The headings of all the articles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 2.07 Any reference in this Agreement to an article, a clause, a subclause, a paragraph or a section shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause, a paragraph or a section of this Agreement.
- 2.08 This Agreement may be executed in two (2) or more counterparts, each of which when so executed shall be deemed to be an original, but all of such counterparts together shall constitute one (1) and the same instrument.

ARTICLE 3 - CONDITIONS FOR THE DELIVERY OF ELECTRICITY

- 3.01 The Terms and Conditions detailed in Schedule "A" and Schedule "B", which Schedules form part of this Agreement, shall apply to the delivery of Electricity.
- 3.02 Should there be any greenhouse gas or similar emission credits or other negotiable rights or interests arising from environmental attributes of either the ownership or operation of the Generator's Plant, they shall, during but limited to the term of this Agreement, be vested in Hydro to be assigned, traded, retained or otherwise dealt with in any manner as Hydro may in its sole discretion determine.

ARTICLE 4 - TERM OF AGREEMENT

4.01 Except as otherwise provided herein, this Agreement shall continue in force for a period of fifteen (15) years commencing on the Commencement Date, and thereafter shall continue in force for an indefinite term; provided that either party may:

- (a) with at least five (5) years written notice to the other, terminate this Agreement during its original fifteen (15) year term; or
- (b) with at least one (1) months written notice to the other, terminate this Agreement upon the expiry of the original term or any time thereafter.

ARTICLE 5 - AVAILABILITY OF ELECTRICITY

5.01 Subject to the provisions of this Agreement the Generator shall sell Electricity exclusively to Hydro, and Hydro agrees to purchase all such Electricity delivered to the Point of Delivery; provided that Hydro has sufficient load to absorb the Electricity as follows:

The Generator shall put in place the appropriate controls and mechanisms to insure that the Power produced from the wind generation plant does not cause the total output from Hydro's Ramea diesel generating facility to fall below 30% of the prime power rating of the smallest diesel generating unit in service in the Ramea diesel generating facility. As of 2003, the smallest diesel generating unit has a prime power rating of 925 kW, therefore the operation of the wind generation plant shall not cause the output of the Ramea diesel generating facility to fall below $925 \text{ kW} \times 30\% = 277.5 \text{ kW}$.

If at such time in the future Hydro wishes to change the installed capacity in the diesel plant, it shall do so at its sole and unfettered discretion. At such time, the above calculation will be updated to reflect the change in the diesel plant capacity and the Generator will update its controls as appropriate.

- 5.02 Subject to the provisions of this Agreement, Hydro shall sell Electricity to the Generator only at such times that electricity is not being delivered to Hydro.

ARTICLE 6 - DELIVERY OF ELECTRICITY

- 6.01 Electricity shall be at a nominal frequency of sixty (60) hertz and at a nominal voltage as outlined In Schedule "C" attached hereto. The maintenance of the nominal frequency and nominal voltage at the Point of Delivery shall constitute the supply of Electricity.
- 6.02 The metering plant to be used under this Agreement shall be furnished and installed by Hydro, at the Generators expense, in a suitable place to be provided by the Generator at the Site and shall be furnished and installed in such a manner as to register accurately the total amount of Power and Energy delivered to Hydro to determine the amount of Energy to be purchased by Hydro. The metering plant required under this Article shall be of the type approved for revenue metering by the appropriate department of the Government of Canada, and will be installed at the Points of Delivery.
- 6.03 Authorized employees of Hydro and officials acting on behalf of the appropriate department for the Government of Canada shall have the right of access at all reasonable times for the purpose of reading,

inspecting, testing and repairing the meter(s) installed pursuant to this Article.

ARTICLE 7 - BILLINGS, RATES AND CHARGES

- 7.01 Payment for Energy made available by the Generator under this Agreement shall be subject to the provisions of Schedules "A" and "B" and to the rate outlined therein.
- 7.02 The Generator shall render its accounts monthly and Hydro will, within twenty (20) days after the date of receiving such account, make payment in lawful money of Canada at the appointed office of the Generator or by means of direct deposit into a Canadian bank account of the Generator. Any amounts in arrears or overdue to Generator after expiration of such twenty (20) days shall bear interest, before and after judgment, at the prime rate of Royal Bank of Canada plus 2% annually until such balance is paid
- 7.03 Payment for Energy made available by Hydro under this Agreement shall be at rates, rules and regulations regularly applied by Hydro in the Community of Ramea at the time of any such sale or sales.

ARTICLE 8 - LIABILITY

- 8.01 The Generator shall assume all risk, liability or obligation in respect to:
- (a) All damage to the property of Hydro wheresoever situate to the degree that such damage shall have been due to the negligence of the Generator, its servants or agents; and

- (b) All loss, damage or injury to property of the Generator or property of any third party on the said lands and premises, or to any person or persons (including loss of life) on the said land and premises, except to the degree that such loss, damage or injury shall have been due to the negligence of Hydro, its servants or agents for which Hydro will assume full responsibility.

- 8.02 The Generator shall indemnify Hydro, and its officers, directors, employees and agents, and save them harmless from all liability assumed by the Generator under this Article and from all claims or demands, in connection therewith.

ARTICLE 9 - WAIVER

- 9.01 Any failure by either party to exercise any right or to enforce any remedy under this Agreement shall be limited to the particular instance and shall not be deemed to waive any other right or remedy or affect the validity of this Agreement.

ARTICLE 10 – INSURANCE

- 10.01 The Generator shall at its own expense acquire and maintain, during the original fifteen (15) year term of this Agreement or in the absence of its termination any time thereafter, Comprehensive General Liability Insurance of not less than one million dollars (\$1,000,000.00) inclusive for any one (1) accident or occurrence.

- 10.02 Prior to supplying Hydro with Power, the Generator shall deposit with Hydro a copy of the said Comprehensive General Liability Insurance Policy ("the Policy") together with receipt for the payment(s) of the current premium(s).
- 10.03 The Policy shall have Hydro as additional named insureds and shall contain a cross liability clause.
- 10.04 The Policy shall not be cancelled, reduced, restricted, terminated or changed in any way or allowed to lapse without at least thirty (30) days written notice to Hydro, sent by prepaid registered mail to the head office of Hydro. In the event the Policy is cancelled, revised, restricted, terminated, changed or lapses the Generator shall immediately replace the Policy.
- 10.05 In the event that Comprehensive General Liability Insurance is not effected to the satisfaction of Hydro, Hydro may effect such insurance as described in this Article 10 and pay the premium in respect thereof. In such a case, Hydro may set off the payment of any such premium against any amounts owed by Hydro to the Generator pursuant to this Agreement. Any action in this respect shall in no way change or reduce the Generator's responsibilities and liabilities under this Agreement.

ARTICLE 11 - PREVIOUS AGREEMENTS

- 11.01 This Agreement contains all the terms and conditions agreed on by the parties and no other previous Agreements, written or verbal, respecting the subject matter of this Agreement shall be deemed to exist, or to bind either party.

ARTICLE 12 - PERMITS AND LAWS

- 12.01 The Generator shall obtain and pay for any and all permits, licenses or easements necessary or required for the delivery of Electricity pursuant to the provision of this Agreement. The Generator shall comply fully with all laws, regulations and ordinances of the proper public authorities in connection with the performance of its duties under this Agreement.

ARTICLE 13 - ARBITRATION

- 13.01 In case of any dispute between Hydro and the Generator relative to this Agreement, and where the dispute cannot be resolved by the parties themselves, the dispute shall be submitted to arbitration under the Arbitration Act, R.S.N.L. 1990, Chapter A-14, as amended, and the provisions of the Act shall apply accordingly, but either party, if dissatisfied with the award of the board of arbitrators, may move to set aside the award, or may appeal from the award.
- 13.02 The board of arbitrators shall consist of three (3) members, one (1) appointed by each of the parties to this Agreement and a third member to be named by the two (2) arbitrators so chosen.
- 13.03 The charges of the third member of a board of arbitrators who shall be the chairman of the board, shall be borne by the unsuccessful party, and the parties shall bear the costs or charges of their own appointees.
- 13.04 If the two (2) appointees of the parties are unable to agree upon the third arbitrator or chairman, the chairman shall be appointed upon application of either party to the Trial Division of the Supreme Court of Newfoundland and Labrador or a judge thereof.

- 13.05 The period of delay for appointment by the parties to this Agreement of their respective nominees shall be seven (7) days after notification by the other party to this Agreement of its nominee, and the period for agreement by the two (2) nominees on the chairman shall be ten (10) days.

ARTICLE 14 - ADDRESS FOR SERVICE

- 14.01 Any notice of request or other instrument which is required or permitted to be given, made or served under this Agreement by either of the parties hereto shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally delivered or sent by prepaid telegram or fax, or mailed prepaid registered post, addressed, if service is to be made.

- (a) on Hydro, to:
The Corporate Secretary,
Newfoundland and Labrador Hydro,
P.O. Box 12400,
St. John's, NL
Canada, A1B 4K7

- (b) on the Generator, to:
Frontier Power Systems Inc.,
P.O. Box 72
Alberton, PE
Canada, **Postal Code**

14.02 Any notice, request or other instrument given, made or served as provided in Clause 14.01 shall be deemed to have been received by the party hereto to which it is addressed, if personally served, on the date of delivery, or if mailed, three (3) days after the time of its being so mailed or if sent by prepaid telegram or fax, one (1) day after the date of sending provided that if such a day falls on a weekend or a public holiday, it shall be deemed to have been received on the next business day.

14.03 Either of the parties hereto may change the designation of the person to be notified or the address to which a notice, request or other instrument may be sent to it by giving to the other party to this Agreement notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 14.01.

ARTICLE 15 - SUCCESSORS AND ASSIGNS

15.01 This Agreement shall extend to and be binding upon and ensure to the benefit of Hydro and of the Generator, and to their respective successors and assigns, provided that the Generator shall not be entitled to assign its entire interest in this Agreement or any portion thereof without the written consent of Hydro.

ARTICLE 16 - APPLICABLE LAW AND FORUM

16.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of

competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 17 - TIME

17.01 Time is of the essence of this Agreement.

ARTICLE 18 - SCHEDULES

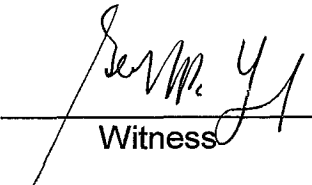
18.01 The parties hereto acknowledge and agree that any and all Schedules to this Agreement are part of this Agreement and the contents of the said Schedules are binding upon the parties, their respective successors and permitted assigns.

ARTICLE 19 - AMENDMENTS


19.01 If at any time during the continuance of this Agreement the parties shall deem it necessary or expedient to make any alteration or addition to this Agreement may do so by means of a written agreement between them which shall be supplemental to and form part of this Agreement.

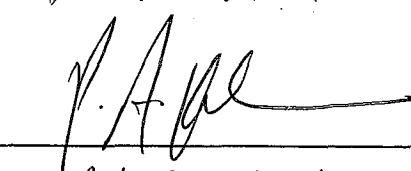
IN WITNESS WHEREOF Newfoundland and Labrador Hydro and Frontier Power Systems Inc. have duly executed this Agreement on the day and year first before written.

THE CORPORATE SEAL of
**Newfoundland and Labrador
Hydro** was hereunder
affixed in the presence of:



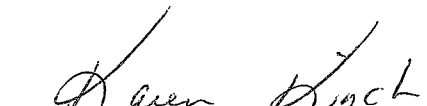
Witness



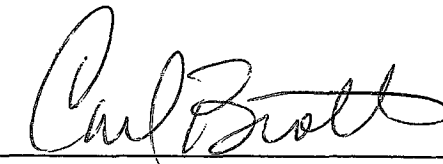
V-P. T.R.O.


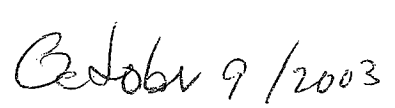
Asst. Corp. Secretary

DULY EXECUTED by
Frontier Power Systems Inc.
in accordance with its
Regulations or By-Laws
in the presence of:



Witness





October 9 / 2003

SCHEDULE "A"

Terms and Conditions for Delivery of Electricity

A.1 - Conditions of Supply

- A.1.1 The Generator shall arrange for, at its expense, the interconnection between its facilities and Hydro's Facilities. The Generator shall be financially responsible for the necessary modifications of Hydro's Facilities to enable Hydro to utilize the delivered Electricity in circumstances and in a manner that provide for the proper protection and safe operation of Hydro's Facilities. Hydro shall provide to the Generator a complete description of the interconnection and metering plant and an estimate of the cost of acquisition and installation of same. Upon the completion of the interconnection, an adjustment shall be made so that if the actual cost exceeds the estimate, the difference shall be paid by the Generator to Hydro forthwith, provided that the Generator shall not be required to pay more than fifteen percent (15%) more than the estimated cost. If the actual cost is less than the estimate, the difference shall be reimbursed to the Generator by Hydro.
- A.1.2 The Generator shall assume financial responsibility for all power system components deemed necessary by Hydro on the Generator's side of the Point of Delivery including transformation, switching and auxiliary equipment such as synchronizing and protection equipment.
- A.1.3 It is agreed that Hydro may require the Generator to follow appropriate operating procedures not substantially different from those procedures followed for Hydro's own generators. Operating procedures amongst others will provide for routine switching operations for example, for scheduled maintenance or for emergencies including forced outages

and unexpected contingencies as well as a line of communication between Hydro and the Generator. These procedures are to enable Hydro to interrupt the flow of Electricity from the Generator. Hydro will provide the Generator with copies of the operating procedures and revisions or additions.

A.1.4 Except for abnormal operating conditions, variations from any nominal frequency or nominal voltage shall not exceed appropriate ranges of tolerable values. The Generator shall be responsible for installing protective equipment to protect its own property and operations from variations in frequency and voltage or from temporary delivery of other than three (3) phase power. In no event shall Hydro be liable to the Generator for any loss, damage or injury resulting directly or indirectly from variations in frequency or voltage, or for temporary delivery of other than three (3) phase power.

A.1.5 The Generator agrees to provide suitable transforming equipment and all other electrical equipment from the Point of Delivery of the Electricity, including electrical equipment Hydro deems necessary from time to time during the continuance of this Agreement, for the safety and security of the operation of Hydro's Facilities. All of the said equipment of the Generator shall be subject to the approval of Hydro and shall be installed, maintained and operated in a manner satisfactory to Hydro. Until such approval has been given, Hydro shall not be bound to receive or supply any Electricity under this Agreement or, if receipt or supply has commenced, to continue same.

A.1.6 The Generator shall operate in such a manner so as not to cause disturbance or fluctuations to Hydro's Facilities, or interference with communication systems or control circuits of Hydro or of any third party. The Generator shall take remedial measures at its own expense by way of installing suitable apparatus or otherwise as may be

necessary to reduce any disturbance or fluctuations or any interference with the communication systems or control circuits to a tolerable level. In any event, the Generator shall indemnify Hydro from all claims and demands made against Hydro, or its officers, directors, employees or agents, by any third party in consequence of failure of the Generator to perform its obligations under this Section.

A.1.7 Where Hydro has installed on its Facilities equipment for automatic reclosing of circuit breakers after an interruption of the supply of Electricity, it shall be the obligation of the Generator to provide at its own expense, adequate protective equipment for all its facilities that might be adversely affected by such reclosing equipment, and as well, such equipment as may be required for the prompt disconnection of any of the Generator's apparatus that might affect the proper functioning of the reclosing equipment. Hydro will co-operate with the Generator and use its best endeavours with a view to mutual agreement as to the reclosing time of the equipment, but failing such agreement, the decision of Hydro as to that time shall be final.

A.1.8 The Generator agrees to provide free of charge or rent a convenient and safe space for the meters and other service entrance equipment of Hydro on or in the Generator's premises and further agrees that no one who is not a properly authorized agent of Hydro or otherwise lawfully entitled to do so shall be permitted or suffered to repair, remove, inspect or tamper with any of the said meters and equipment and that the properly authorized agents of Hydro shall, at all reasonable hours, have the right to read, inspect, repair, replace and remove any of the said equipment and have free access for that purpose of the said premises.

- A.1.9 Hydro may from time to time make tests to determine the electrical characteristics of the Generator's supply of Electricity and may install and use meters and equipment, which it deems necessary.

A.2 - Contract Performance

- A.2.1 If at any time the Generator fails to perform any of its obligations affecting operation under this Agreement including failing to operate as required by this Agreement by any operating procedures, then Hydro may give notice thereof to the Generator, which notice may be given by telephone to an employee of the Generator by an employee of Hydro and the Generator shall immediately remedy the said failure. In case of continued failure for more than fifteen (15) minutes after the notice, Hydro may discontinue the receipt of all Electricity or any part thereof and shall not be obliged to resume receipt of Electricity until the Generator has remedied the failure. The Generator shall designate in writing to Hydro the name of the employee to whom notices under this Section are to be given, and in default of such designation or in the event of said employee not being immediately available to receive any such notice, the Generator agrees the notice may be given by telephone or otherwise to any other employee of the Generator.
- A.2.2 If the Generator fails to perform any obligations under this Agreement, Hydro may give written notice to the Generator that unless the obligation is completely fulfilled within a specified period after mailing of the notice, Hydro shall discontinue the receipt of Electricity. If the Generator continues in default in respect of the obligation beyond the period specified in the notice, Hydro may discontinue the receipt of Electricity and may refuse to resume receipt of Electricity until the Generator has fulfilled its obligation. The right to discontinue the receipt of Electricity in this Section is in addition to and not in limitation of any other right provided elsewhere in this Agreement to discontinue

the receipt of Power for failure of the Generator to perform a particular obligation.

A.2.3 Notwithstanding that Hydro may have discontinued the receipt of Electricity to the Generator by reason of failure by the Generator to perform any of its obligations under this Agreement, or that Hydro has discontinued receipt of Electricity upon the request of the Generator, such discontinuance shall not be construed as a breach of contract by Hydro to receive Electricity from the Generator under this Agreement, nor shall such discontinuance relieve the Generator from its obligations to deliver Electricity in accordance with the provisions of this Agreement, and such provisions shall continue in force until termination of the Agreement, unless Hydro otherwise agrees in writing.

A.2.4 Either party shall have the right to interrupt the supply or receipt of Electricity at any time to the extent necessary to safeguard life or property or for the purpose of construction, maintenance, operations, repair, replacement or extension of their equipment or works. Either party shall limit the duration of such interruptions as much as practicable and, except in emergencies, shall give to the other party adequate warning of its intention to interrupt the supply or receipt of Electricity.

A.2.5 If the Generator's inability to make Electricity available or Hydro's inability to take Electricity is in either case attributable to an Uncontrollable Event or the Electricity is interrupted by the Generator, or Hydro for any of the purposes described in Section A.2.4, then no party shall be liable to the other for damages or breach of contract. The term "Uncontrollable Event" shall be deemed to be a cause reasonably beyond the control of either the Generator, or Hydro which inability includes but without limitation, strike of the Generator's, or Hydro's

employees, damage or destruction by the elements, fire, explosion, war, the Queen's enemies, legal acts of the public authorities, insurrection, Act of God, or inability to obtain or transport essential services, materials, products or equipment because of the effect of similar causes on the Generator's, or Hydro's suppliers or carriers, accident to the electrical generation or delivery system including Hydro's Facilities.

SCHEDULE B

B.1 Calculation of Energy Payment

Hydro agrees to pay for Energy delivered in each month of the term of this Agreement, an amount calculated by application of the following formula:

$$EP_{ji} = ED_{ji} \times (FC_{ji} / EFF_{i-1})$$

where j is the month for which payment is payable;
 i is the calendar year in which month j falls;
 EP_{ji} is the total Energy Payment for Energy Delivered in Month j of calendar year i ;
 ED_{ji} is the Energy Delivered by the Generator to Hydro under the terms of this Agreement in Month j of calendar year i ;
 FC_{ji} is the average Fuel Cost for diesel fuel consumed in the Ramea diesel generating facility in Month j of calendar year i ; and
 EFF_{i-1} is the average plant Efficiency of Hydro's Ramea diesel generating facility for the calendar year immediately preceding the year for which payment is payable as stated in Section B.2.

B.2 Calculation of Variable EFF_{i-1}

The variable EFF_{i-1} is the average plant efficiency of Hydro's Ramea diesel generating facilities for the immediately preceding year and is the greater of either:

- (a) 3.90 kWh/litre of fuel which is the average plant efficiency of Hydro's Ramea diesel generating facility for the year 2002; or

(b) $EFF_{i-1} = KWH_{i-1} / FUEL_{i-1}$

where i is the calendar year during which payment is payable;
 KWH_{i-1} is the total number of kWh produced at Hydro's
Ramea diesel generating facilities in the calendar year
immediately preceding the year for which payment is
payable; and
 $FUEL_{i-1}$ is the total number of litres of diesel fuel consumed
at Hydro's Ramea diesel generating facilities in the calendar
year immediately preceding the year for which payment is
payable.

SCHEDULE "C"

Generation Characteristics

Legal Name of Owner:

Generator: Frontier Power Systems Inc.

Location: Ramea, Newfoundland

Nominal Voltage at

Delivery Point: 4160 Volts

Type of Generator: Asynchronous – 3 phase, 600 Volts

Generator Nameplate

Rating: 6 x 65 kW

Mailing Address: P.O. Box 72
Alberton, PE
Canada, ***Postal Code***

Person Designated to

Receive Notices: Carl Brothers

Mailing Address if different
from above:

N/A

THIS AGREEMENT is made at St. John's, in the Province of Newfoundland and Labrador as of the th day of February, 2010 ("Effective Date").

BETWEEN : **NALCOR ENERGY**, a body corporate existing pursuant to the *Energy Corporation Act* being Chapter E-11.01 of the Statutes of Newfoundland and Labrador, 2007, as amended, (hereinafter referred to as "Nalcor") of the first part

AND: **NEWFOUNDLAND AND LABRADOR HYDRO**, a body corporate existing pursuant to the *Hydro Corporation Act*, 2007 being Chapter H-17 of the Statutes of Newfoundland and Labrador, 2007 (hereinafter referred to as "Hydro") of the second part

WHEREAS pursuant to an Agreement dated December 31, 2008, Nalcor transferred to Hydro a capital contribution associated with the construction by Hydro of improvements for its Ramea Wind/Hydrogen Project (the "Project") as further described in clause 1.01(c) herein, in the amount of four million five hundred thousand dollars (\$4.5 million);

AND WHEREAS Hydro has transferred and assigned to Nalcor the rights and benefits associated with research and development relating to the Project;

AND WHEREAS the parties also agreed in the aforesaid Agreement of December 31, 2008 that the future operating costs of the Project net of avoided fuel costs shall be charged back to and paid for by Nalcor;

AND WHEREAS the parties wish to enter into an Agreement with respect to the determination and payment of the operating costs associated with the Project;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, each, in consideration of the premises and of the covenants, agreements and declarations made herein by the other, covenant, agree and declare as of the date hereof as follows:

ARTICLE 1 – INTERPRETATION

- 1.01 (a) “Generating Station” means Hydro’s diesel generating station in the community of Ramea, Newfoundland and Labrador;
- (b) “Operating Costs” means all costs incurred by Hydro associated with the operation and maintenance of the Project including, but not limited to:
- salaries and wages, including fringe benefits as established from time to time, of Hydro personnel for time spent working in relation to the operation, inspection, maintenance and repair of the Project;
 - costs associated with retention by Hydro of external resources to operate, maintain and repair the Project;
 - costs associated with the rental, acquisition or inventory issue by Hydro of equipment and materials in relation to the operation, maintenance and repair of the Project;
 - allocated proportionate costs of common tasks and activities including Diesel Service Representative daily activities, travel costs to and from the site, vehicle costs, and the like.
 - insurance costs associated with the Project, and
 - other costs as determined by the Nalcor Group’s intercompany transaction policy,
- (c) “Project” means Hydro’s Ramea Wind/Hydrogen Project situated at the Generating Station and which consists of the following:
- Energy management system
 - 4160 V Switchgear
 - Hydrogenics Hydrogen Electrolyzer 162 kW

- HEC Hydrogen Genset 250 kW
- Quonset Hut
- Hydrogen storage 1000 m³
- 3 Northwind 100 Wind turbines
- Metrological Tower
- Connection Infrastructure

and all other equipment directly related to the above outlined equipment.

ARTICLE 2 – PAYMENT OF OPERATING COSTS

- 2.01 All Operating Costs shall be charged to and paid by Nalcor in accordance with the Nalcor Group's established intercompany transactions policy. There shall be deducted from these amounts Hydro's avoided fuel costs achieved by the Project for that period, calculated in accordance with the Schedule A to this Agreement.

ARTICLE 3 – OPTIMIZATION OF EFFICIENCY

- 3.01 Nalcor shall have the right to request that modifications be made to the Project in order to optimize efficiency of the Project and/or the Generating Station. Hydro shall have final authority to determine whether such modifications will be made. Any modifications, capital improvements, capital replacements, capital spares or other spare parts that are made to or acquired for the Project at the request of Nalcor shall be undertaken by Hydro and all costs associated therewith shall be paid by Nalcor upon being invoiced by Hydro in accordance with the Nalcor group of companies established intercompany transactions policy.
- 3.02 Nalcor shall be responsible to pay all costs associated with the decommissioning of the Project including any environmental remediation works.

- 3.03 Should there be any greenhouse gas or similar emission credits or other negotiable rights or interests arising from environmental attributes of either the ownership or operation of the Project, they shall be vested in Hydro to be assigned, traded, retained or otherwise dealt with in any manner as Hydro may in its sole discretion determine.

ARTICLE 4 – INDEMNITY

- 4.01 Nalcor shall indemnify and hold harmless Hydro from and against any loss, damage or personal injury, whether it be suffered by Hydro or a third party, arising directly or indirectly from the operation or existence of the Project, except losses or damages resulting from the gross negligence of an employee, agent or representative of Hydro in the exercise of their duties within the scope of their employment.

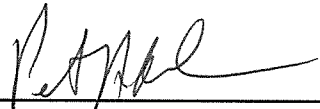
- 5 -

IN WITNESS WHEREOF each of the Parties hereto has caused this Agreement to be executed by its officers or representatives duly authorized in that behalf.

NALCOR ENERGY

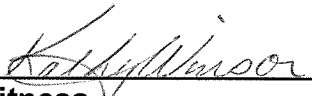
Per: 

Title: VP - Strategic Planning & Bus. Dev.


Per: 

Title: Asst. Corporate Secretary


Witness


Witness

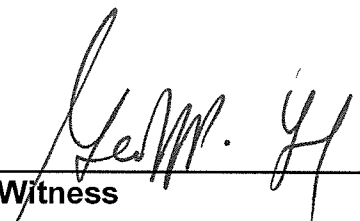
**NEWFOUNDLAND AND LABRADOR
HYDRO**

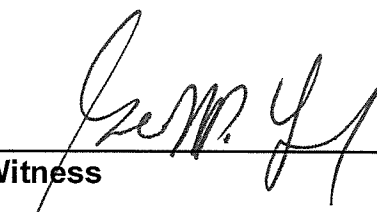
Per: 

Title: VP Regulated Operations

Per: 

Title: General Counsel & Corporate Secretary


Witness


Witness

Schedule A

1. Calculation of Avoided Fuel Cost (AFC)

$$AFC_{ji} = ED_{ji} \times (FC_{ji} / EFF_{i-1})$$

Where

- j is the month for which payment is payable;
- i is the calendar year in which month j falls;
- AFC_{ji} is the Avoided Fuel Cost (\$) for month j of calendar year i;
- ED_{ji} is the energy delivered to Hydro from the Project in month j of year i;
- FC_{ji} is the average Fuel Cost for diesel fuel consumed in the Ramea diesel generating facility in month j of calendar year i; and
- EFF_{i-1} is the average plant efficiency of Hydro's Ramea diesel generating facilities for the calendar year immediately preceding the year for which payment is payable as stated in 2.

2. Calculation of Variable EFF_{i-1}

The variable EFF_{i-1} is the average plant efficiency of Hydro's Ramea diesel generating facilities for the immediately preceding year and is the greater of either:

(a) 3.90 kWh/litre of fuel which is the average plant efficiency of Hydro's Ramea diesel generating facility; or

(b) $EFF_{i-1} = KWH_{i-1} / FUEL_{i-1}$

where

- i is the calendar year during which payment is payable;
- KWH_{i-1} is the total number of kWh produced at Hydro's Ramea diesel generating facilities in the calendar year immediately preceding the year for which payment is payable; and
- FUEL_{i-1} is the total number of litres of diesel fuel consumed at Hydro's Ramea diesel generating facilities in the calendar year immediately preceding the year for which payment is payable.

