

**PROTOCOLE D'ENTENTE**  
**ENTRE**  
**HYDRO-QUÉBEC**  
**ET**  
**TRANSCANADA ENERGY LTD.**



## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (this “**MOU**”) is entered into as of April 30, 2015 by and between TransCanada Energy Ltd. (the “**Supplier**”), a corporation incorporated under the laws of Canada, having its head office at 450-1st Street, Calgary, Alberta, T2P 5H1, and Hydro-Québec (the “**Purchaser**”), a corporation incorporated under the *Hydro-Québec Act* (CQLR c H-5), having its head office at 75 René-Levesque Boulevard West, Montreal, Québec, H2Z 1A4 (the Supplier and the Purchaser are hereafter sometimes referred to collectively as the “**Parties**” and individually as a “**Party**”).

### WHEREAS:

- A. The Purchaser operates a public service and must provide secure, reliable and continuous electricity services to its customers in the Province of Québec;
- B. The Supplier is the owner and operator of the Bécancour generating station, an electricity generation power plant located in the Bécancour Industrial Park, in the Province of Québec (the “**Power Plant**”), which was designed to operate as a base load plant pursuant to the terms and conditions of the Electricity Supply Contract between the Parties dated June 10, 2003 (the “**ESC**”);
- C. The Parties subsequently entered into a series of agreements regarding the suspension of electricity production at the Power Plant under the ESC, including that certain Agreement Respecting the Temporary Suspension of Electricity Production at the Bécancour Generating Station between the Parties dated June 29, 2009, as amended by the Amendment Agreement by and between the Parties dated December 20, 2013, as approved by the Régie de l'énergie (the “**Régie**”) by Decision D-2014-086 dated May 27, 2014 (hereafter referred to collectively as the “**Suspension Agreement**”);
- D. The Purchaser has requested that the Supplier, subject to the terms and conditions set forth in this MOU and the execution and delivery of the Definitive Agreement (as defined in Subsection 13(b)), and their approval by the Régie, make available to the Purchaser the capacity of the Power Plant (the “**Tolling Capacity**”) and produce and deliver to the Purchaser electrical energy from the Tolling Capacity using natural gas supplied by the Purchaser and only as requested by the Purchaser, as provided in Section 2; and
- E. The Supplier agrees to make the Tolling Capacity available to the Purchaser and to produce and deliver to the Purchaser electrical energy from the Tolling Capacity, subject to the terms and conditions set forth in this MOU and the Definitive Agreement, and their approval by the Régie.

**NOW, THEREFORE**, the Parties hereby agree as follows:

- 1. **Recitals.** The recitals to this MOU shall form an integral part of this MOU as if the recitals were set forth at length in the body of this MOU.

2. **Tolling Capacity.** Subject to Section 13, commencing as of **June 1, 2016**, or such other date mutually agreed to by the Parties in the Definitive Agreement (the “**Effective Date**”), and ending on the twentieth (20<sup>th</sup>) anniversary of the Effective Date (each twelve (12) consecutive month period starting with the Effective Date referred to as a “**Contract Year**”, and collectively referred to as the “**Term**”), the Supplier shall make available to the Purchaser the Tolling Capacity, and produce and deliver electrical energy from such Tolling Capacity to the Purchaser, at the request of the Purchaser, in accordance with the following provisions:

- (a) **Peak Tolling Energy.** During the full and consecutive calendar months of December, January, February and March (the aforesaid full calendar months collectively referred to as a “**Peak Period**”), at the request of the Purchaser, the Supplier shall produce and deliver electrical energy from the Power Plant (hereinafter referred to as “**Peak Tolling Energy**”), subject to the following conditions:
- (i) the request for Peak Tolling Energy shall be made by the Purchaser in writing and must be received by the Supplier a minimum of twelve (12) hours in advance of the hour that the Peak Tolling Energy is to be delivered;
  - (ii) the Purchaser may not request Peak Tolling Energy more frequently than twice in a given calendar day (for purposes hereof, a calendar day shall commence at 12:00 a.m. and end at 11:59 p.m. on that same calendar day);
  - (iii) any request by the Purchaser for Peak Tolling Energy shall be for a minimum duration of three (3) consecutive hours of run time (exclusive of start-up, shutdown, standby and ramping times);
  - (iv) the Purchaser’s requests for Peak Tolling Energy during any one Peak Period shall not exceed three hundred (300) hours of run time during such period (exclusive of start-up, shutdown, standby and ramping times) (the “**Peak Run Time Hours**”);
  - (v) for the availability of the Tolling Capacity to the Purchaser during the Peak Period (whether or not the Purchaser requests any Peak Tolling Energy), the Purchaser shall pay the Supplier the Annual Tolling Fee applicable to each Contract Year and all other charges set forth in Schedule B attached to this MOU;
  - (vi) for the delivery of Peak Tolling Energy for each Peak Run Time Hour above one hundred (100) Peak Run Time Hours, the Purchaser shall pay the Supplier the fees, charges and costs set forth in Schedule C; and
  - (vii) any request by the Purchaser for Peak Tolling Energy shall be deemed to be for the Maximum Peak Tolling Capacity (as defined in Subsection 2(d)), unless the Purchaser has provided the Supplier with an hourly delivery schedule (the “**Delivery Schedule**”) setting out a specific

quantity of Peak Tolling Energy (at any level between the minimum loading point and the Maximum Peak Tolling Capacity) to be delivered by the Supplier to the Purchaser during each Peak Run Time Hour covered by such Delivery Schedule;

- (b) **Additional Tolling Energy.** The Purchaser has the option of requesting additional deliveries of electrical energy from the Power Plant during any Contract Year (the “**Additional Tolling Energy**”), subject to the following conditions:
- (i) the request for Additional Tolling Energy shall be made by the Purchaser in writing and in accordance with the timelines, durations, protocols and other terms and conditions outlined in Schedule E attached to this MOU;
  - (ii) the availability of Additional Tolling Energy and the Supplier’s obligation to deliver any Additional Tolling Energy shall be strictly on an “as available” basis and subject to any safety and prudent operating practices required for the Power Plant, as determined by the Supplier in its sole discretion;
  - (iii) no Additional Tolling Energy may be requested by the Purchaser in any Peak Period until the three hundred (300) Peak Run Time Hours for Peak Tolling Energy during such Peak Period have been completely exhausted; and
  - (iv) for the availability and any delivery of Additional Tolling Energy so produced from the Tolling Capacity, the Purchaser shall pay the Supplier the fee, charges and costs set forth in Schedule E;
- (c) **Electricity Delivery Point.** The Supplier shall deliver, and the Purchaser shall accept and take, the Peak Tolling Energy and Additional Tolling Energy, as applicable, and all other electrical energy produced from the Power Plant in accordance with this MOU at the point where the conductors of the two 230kV lines owned by Hydro-Québec TransÉnergie (the “**Transmission Provider**”) are connected to the insulators of the dead end structure of the step-up terminal substation belonging to the Supplier (the “**Electricity Delivery Point**”);
- (d) **Capacity Check Tests.** The maximum Tolling Capacity of the Power Plant during any Peak Period (the “**Maximum Peak Tolling Capacity**”) shall be 570 MW, subject to (1) verification and adjustment by a capacity performance test carried out in accordance with the protocol outlined in Schedule F (the “**Capacity Check Test**”), and (2) the following terms and conditions:
- (i) an initial Capacity Check Test will be performed on a date, as determined by the Supplier in collaboration with the Purchaser, prior to the second Peak Period and in accordance with the terms and conditions set forth in the Capacity Check Test Protocol outlined in Schedule F attached to this MOU (the “**Protocol**”), provided however, the Supplier shall be entitled to

one additional re-test if the initial Capacity Check Test indicates a Maximum Peak Tolling Capacity (after any applicable adjustment for the Reference Conditions (as defined in Schedule F), hereafter referred to as the “**Capacity Test Value**”) lower than 570 MW;

- (ii) after the initial Capacity Check Test, each Party shall be entitled to request one Capacity Check Test within each three (3) year period after the second Contract Year in accordance with Schedule F, provided however, the Supplier shall be entitled to one additional re-test within one year if the Capacity Check Test indicates a Capacity Test Value lower than the then current Maximum Peak Tolling Capacity. The Supplier shall use reasonable efforts to coordinate the timing of any such re-test so that the re-test can be adequately performed during:
  - 1. the Peak Run Time Hours in which the Power Plant is operating at the Maximum Peak Tolling Capacity; or
  - 2. such times when sufficient quantities of pipeline natural gas are available to the Purchaser in order for the Purchaser to meet its obligation to supply all the Required Natural Gas under Subsection 2(d)(vii);
- (iii) in addition to the planned Capacity Check Test and re-test referred to in Subsections 2(d)(i) and 2(d)(ii), the Supplier shall be entitled to perform at any time, at its discretion and at its own costs, a Capacity Check Test; the Purchaser shall be informed by the Supplier of its intent to carry out such Capacity Check Test;
- (iv) should any Capacity Check Test indicate a Capacity Test Value higher than the Maximum Peak Tolling Capacity in place at the time of such test, the Supplier shall have the option, at its sole discretion, to:
  - 1. revise the current Maximum Peak Tolling Capacity to any higher value up to the Capacity Test Value or 620 MW, whichever is less; or
  - 2. maintain the current Maximum Peak Tolling Capacity at the same value;
- (v) should any Capacity Check Test indicate a Capacity Test Value lower than the Maximum Peak Tolling Capacity in place at the time of such test, the Maximum Peak Tolling Capacity will be revised to the Capacity Test Value or 547 MW, whichever is higher, and there shall be no adjustment to the Annual Tolling Fee (except in the case provided under Subsection 2(d)(vi)); the Supplier shall, however, carry out any work required under good electricity generation utility practices to increase the actual Maximum Peak Tolling Capacity to 547 MW, if the Capacity Test Value was lower than 547 MW;

- (vi) if the Maximum Peak Tolling Capacity is revised to a value higher than 570 MW pursuant to this Subsection 2(d), then the Annual Tolling Fee shall be adjusted in the Contract Year and in each subsequent Contract Year, until another Capacity Test Value is determined during a subsequent Capacity Check Test, by an amount equal to the difference between such revised Maximum Peak Tolling Capacity and 570 MW multiplied by [REDACTED]; and
  - (vii) the Purchaser shall be responsible for the supply of all the Required Natural Gas (as defined in Section 6) and all Fuel Related Arrangements (as defined in Subsection 6(b) ), and the costs thereof, and the cost of all Environmental Requirements (as defined and provided in Schedule B), for any Capacity Check Test conducted pursuant to this Subsection 2(d), but any other costs incurred in connection with such tests shall be borne by the Supplier;
- (d.1) **Simple Cycle Mode During First Contract Year.** The Purchaser has requested from the Supplier that it shall not commence or perform, before the Effective Date, any work required at the Power Plant, and shall not incur or commit any costs in relation thereto, in order to prepare the Power Plant for the production and delivery of electrical energy in accordance with this MOU. Given the fact that the Supplier will only commence or perform, after the Effective Date, the work required for the Power Plant to be ready for the production and delivery of electrical energy for the second Contract Year in accordance with this MOU, the Purchaser acknowledges and agrees that the availability of any electrical energy during the first Contract Year shall commence no earlier than six months subsequent to the Effective Date and shall be strictly on an “as available” basis and subject to any safety and prudent operating practices, as determined by the Supplier in its sole discretion;

Moreover, during the first Contract Year:

- (i) the Purchaser further acknowledges that the Supplier will only be able to operate the Power Plant in simple cycle mode to produce and deliver any electrical energy;
- (ii) subsections 2(d) and 2(e) shall not be applicable during the first Contract Year;
- (iii) the Purchaser shall pay the Annual Tolling Fee without any adjustment;
- (iv) for any electrical energy delivered to Purchaser above the first 100 run time hours during the first Contract Year, the Purchaser shall pay the Supplier the fee, costs and charges set forth in Schedule E; and
- (v) the Purchaser shall not be entitled to any penalties, damages or costs whatsoever for any failure to delivery any electrical energy during the first Contract Year;

- (e) **Heat Rate Check Test for Peak Tolling Energy.** The full load heat rate target during any Peak Period shall be no higher than [REDACTED], subject to and after any applicable adjustment for the Reference Conditions (the “**Full Load Heat Rate Target**”), subject to (1) verification by a heat rate check test (the “**Heat Rate Check Test**”), and (2) the following terms and conditions:
- (i) the Heat Rate Check Test shall be performed in accordance with the terms and conditions set forth in the Protocol and any references to “Capacity Check Test” in Schedule F will also be a reference to a Heat Rate Check Test, with the necessary changes having been made (*mutatis mutandis*);
  - (ii) an initial Heat Rate Check Test will be performed on a date, as determined by the Supplier in collaboration with the Purchaser, prior to the second Peak Period and in accordance with the Protocol;
  - (iii) after the initial Heat Rate Check Test, each Party shall be entitled to request one Heat Rate Check Test within each three (3) year period after the second Contract Year in accordance with Schedule F, provided however, the Supplier shall be entitled to one additional re-test within one year if the initial Heat Rate Check Test indicates a heat rate higher than the then current Full Load Heat Rate Target;
  - (iv) should the Heat Rate Check Test indicate a heat rate value higher than the Full Load Heat Rate Target, then the Supplier shall carry out any work required under good electricity generation utility practices to lower the heat rate value to the Full Load Heat Rate Target; and
  - (v) the Purchaser shall be responsible for the supply of all the Required Natural Gas and all Fuel Related Arrangements, and the costs thereof, and the cost of all Environmental Requirements (as provided in Schedule B), for any Heat Rate Check Test conducted pursuant to this Subsection 2(e), but any other costs incurred in connection with such tests shall be borne by the Supplier;
- (f) **Obligation to Take Electrical Energy.** The Purchaser shall take delivery of all electrical energy so produced and delivered to the Electricity Delivery Point, including all electrical energy produced during start-up, shutdown, standby and ramping times (referred to in Subsections 2(a), 2(b), 2(d) and 2(e)), and during the recommissioning and testing of the Power Plant. The Purchaser shall be responsible for coordinating all required activities, protocols and notifications with the Transmission Provider for the delivery of all such electrical energy produced from the Power Plant.

Furthermore:

- (i) the Purchaser shall take delivery of all such electrical energy only at a level (in MW) guaranteed by a valid connection agreement with the Transmission Provider. The Supplier shall be responsible for obtaining a



new connection agreement or modifying the existing connection agreement to enable the Power Plant to deliver electrical energy at a level higher than 547 MW. The Supplier shall be responsible for the cost of any internal studies or analysis it may require as part of its review and assessment of the new or modified connection agreement. If, however, such a new or modified connection agreement requires any work to be carried out on either the Transmission Provider's equipment or the Supplier's equipment, then:

1. the Supplier must coordinate the timing of such work with the Purchaser;
2. the cost of completing such work on the Transmission Provider's equipment will be the Purchaser's responsibility and the cost of completing such work on the Supplier's equipment will be the Supplier's responsibility;
3. the decision to proceed with that work shall be at the Purchaser's sole discretion if the cost of completing such work on the Transmission Provider's equipment exceeds a certain amount to be defined in the Definitive Agreement (the "**Cost Threshold**"); and
4. notwithstanding the foregoing, the Supplier shall have the option, at its discretion, to fund the capital investment required to carry out the work and pay for the amount exceeding the Cost Threshold. In that event, the Purchaser shall be responsible for the cost of completing such work up to the amount of the Cost Threshold;

If the Supplier is unable to obtain all governmental approvals, authorizations and permits, as the case may be, required under any legislation to enable the Supplier to deliver Peak Tolling Energy greater than 547 MW during any Peak Run Time Hour, the Parties shall have no more obligations towards each other under this Subsection 2(f)(i);

(ii) During such time the existing connection with the Transmission Provider is not modified to allow for the delivery of electrical energy at a level higher than 547 MW, then:

1. the Supplier shall have no obligation to deliver electrical energy at a level higher than 547 MW; and
2. the Annual Tolling Fee shall not be reduced as a result of this transmission constraint;

(g) **Annual Recommissioning.** Prior to the commencement of each Peak Period, the Supplier shall be entitled to perform all recommissioning tests and activities (the "**Recommissioning**") for the Power Plant that are determined to be necessary by the Supplier, using its reasonable discretion. The Purchaser shall be

responsible for all the Required Natural Gas and all Fuel Related Arrangements for any Recommissioning of the Power Plant and the costs thereof, and the cost of all Environmental Requirements (as provided in Schedule B); provided however, that the Supplier shall use reasonable efforts to coordinate the timing of any Recommissioning so that such Recommissioning can be adequately performed during times when sufficient quantities of pipeline natural gas are available to the Purchaser in order for the Purchaser to meet its obligation to supply all the Required Natural Gas under this provision;

(h) **Annual Management Plan.** The Parties agree to cooperate and work together in order to establish an annual plan prior to the first day of October of each Contract Year, in accordance with the general terms set forth in Schedule G.

3. **Relief of Delivering Energy.** The Supplier will be relieved of its obligation to provide the Purchaser with Tolling Capacity, Peak Tolling Energy, Additional Tolling Energy and any other electrical energy, as applicable:

- (a) to the extent that the Purchaser fails to supply the Required Natural Gas and all Fuel Related Arrangements, or the Purchaser fails to accept and take any and all electrical energy as required under this MOU;
- (b) if the Purchaser fails to make its request for any electrical energy in accordance with the terms of this MOU;
- (c) if the Purchaser fails to pay or perform any other obligation in accordance with the terms of this MOU and such failure is not remedied within the applicable cure period (to be set out in the Definitive Agreement);
- (d) during any Relieved Outage Hour (the details of which are more particularly set forth in Schedule D attached to this MOU);
- (e) by reason of *force majeure* (to be defined in the Definitive Agreement); or
- (f) if the Power Plant is returned to service as a base load facility under the ESC;

Notwithstanding the Supplier's relief of delivering any Peak Tolling Energy under Subsections 3(a) to 3(f), the Purchaser shall continue to pay the Annual Tolling Fee. However, as it relates solely to the Supplier's relief under Subsection 3(e), the Definitive Agreement will set out any applicable events of *force majeure*, as mutually agreed upon by the Parties, which will relieve the Purchaser of its obligations under the terms of this MOU, including its obligation to pay the Annual Tolling Fee.

4. **Failure to Deliver Peak Tolling Energy.** If the Supplier fails to provide the Purchaser with any Peak Tolling Energy actually requested by the Purchaser in accordance with the terms of this MOU and required to be delivered by the Supplier pursuant to Subsection 2(a) during any Peak Run Time Hour (each a "**Failure to Deliver**"), then:

- (a) the Supplier shall pay to the Purchaser, as liquidated damages, the sum of:

- (i) the actual net costs incurred by the Purchaser to replace the Peak Tolling Energy that the Supplier failed to deliver during such Peak Run Time Hour, [REDACTED]
  - (ii) an amount equal to [REDACTED];
- (b) Notwithstanding anything to the contrary in this MOU, no liquidated damages shall be payable by the Supplier under Section 4:
- (i) for the Failure to Deliver any Peak Tolling Energy or any electrical energy during the first Peak Period;
  - (ii) if the Peak Tolling Energy delivered in any Peak Run Time Hour by the Supplier is no less than [REDACTED] of the Maximum Peak Tolling Capacity during any Peak Period after the first Peak Period;
  - (iii) for the Failure to Deliver any Peak Tolling Energy up to the applicable Maximum Peak Tolling Capacity during any Peak Run Time Hour in any Peak Period after the first Peak Period when the ambient temperature was higher than -6.8°C, provided that, the Supplier delivered at least 547 MW of Peak Tolling Energy during those hours;
  - (iv) during any Relieved Outage Hour; or
  - (v) for any failure by the Supplier to deliver any Additional Tolling Energy;
- (c) The Purchaser shall be required to minimize its actual costs and damages in all situations when the Supplier fails to provide Peak Tolling Energy, and any such savings or reductions in costs resulting from the Purchaser's mitigation efforts shall be netted so as to reduce the total amount of penalties, as the case may be, payable by the Supplier (i.e. *actual net costs*); and
- (d) The aggregate liquidated damages payable by the Supplier under this MOU shall be [REDACTED]. This Section 4 shall be the Purchaser's sole and exclusive remedy for any Failure to Deliver under this MOU;

If the maximum aggregate liquidated damages are payable by the Supplier for three (3) consecutive Contract Years, then the Purchaser shall have the right to terminate the Definitive Agreement by written termination notice to the Supplier

within 60 days after the end of such third Contract Year in which the maximum aggregate liquidated damages was incurred. In such a case, the Definitive Agreement shall be terminated and the Purchaser shall have no other recourse against the Supplier and it shall not be entitled to any penalties, damages or costs whatsoever (except for the payment of any outstanding liquidated damages by the Supplier for the previous three Contract Years), and the Supplier shall have no legal recourse to claim damages from the Purchaser for any loss of revenues or profits, or for any other reason. In the absence of such termination notice after three consecutive Contract Years for which the Supplier has paid the maximum aggregate liquidated damages, the Purchaser shall be deemed to have waived its right to terminate the Definitive Agreement until the occurrence of another subsequent three consecutive Contract Years in which the maximum aggregate liquidated damages are payable by the Supplier;

- (e) Notwithstanding anything to the contrary in this MOU, during the first Peak Period, the Purchaser shall not be entitled to claim from the Supplier any penalties, damages, costs or other payments whatsoever under this MOU or otherwise under the law.
5. **No Damages, Penalties or Costs Applicable to Additional Tolling Energy.** Notwithstanding anything to the contrary under this MOU, the Supplier shall not be responsible for any damages, penalties, costs or other payments whatsoever resulting from any failure by the Supplier to deliver any Additional Tolling Energy under this MOU or otherwise under the law. The provision of Additional Tolling Energy shall be strictly on an “as available” basis.
6. **Required Natural Gas.** The Purchaser is responsible for directly supplying all the natural gas required by the Supplier to produce all the Peak Tolling Energy or Additional Tolling Energy, as applicable, under this MOU including, but not limited to, all Start-up Fuel Requirements (as defined, and the estimated quantities set out, in Schedule H attached to this MOU), shutdown, standby and ramping times, for all periodic recommissioning and testing of the Power Plant and for any Capacity Check Test and Heat Rate Check Test (the “**Required Natural Gas**”). The Purchaser shall meet the following conditions with respect to its Required Natural Gas obligations:
- (a) the Purchaser shall deliver or cause to be delivered all the Required Natural Gas to the Supplier at a delivery point agreed upon by the Parties (the “**Natural Gas Delivery Point**”), which is currently envisioned to be at the existing Gaz M tro (“GMI”) meter station at the Power Plant; the Purchaser shall be responsible for all costs associated with any necessary equipment or facilities purchased, built or installed or modified for purposes of delivering any Required Natural Gas to the Supplier at the Natural Gas Delivery Point;
  - (b) the Purchaser shall be responsible for procuring, managing, storing, transporting, distributing and balancing the Required Natural Gas (collectively, the “**Fuel Related Arrangements**”), and paying for all the costs associated with the Fuel Related Arrangements; all applicable tariffs, charges and any other costs, and any

modifications thereof, of any nature whatsoever associated with delivering the Required Natural Gas to the Natural Gas Delivery Point and related to the Fuel Related Arrangements are for the Purchaser's account, including, but not limited to, all environmental related costs;

- (c) the Purchaser shall be responsible for all costs arising from any current or future environmental laws and regulations, including those costs arising from the Supplier's compliance with such laws and regulations as it relates to transactions contemplated under this MOU and the operation of the Power Plant to satisfy the associated obligations of the Supplier;
- (d) the Required Natural Gas shall meet or exceed the specifications required by the Supplier, as described in Schedule A attached to this MOU;
- (e) the Purchaser shall perform all nomination, scheduling and other activities necessary to deliver the Required Natural Gas to the Supplier at the Natural Gas Delivery Point, including all activities related to balancing and managing the Required Natural Gas under all scenarios and dispatch circumstances requested by the Purchaser; With respect to the Required Natural Gas obligations of the Purchaser for any testing or recommissioning activities, the Supplier will cooperate with the Purchaser, to the extent reasonable and practical for the Supplier to do so, to schedule any such activities at times when the Purchaser will have access to pipeline natural gas so as to better enable Purchaser to meet its obligations under this Section 6(e); and
- (f) the Purchaser shall be responsible for performing all due diligence investigations and analysis with respect to the Start-up Fuel Requirements (the "**Purchaser's Due Diligence**"), as may be required for the Purchaser's use of such estimates; The Supplier shall cooperate with the Purchaser and its consultants and agents in connection with the Purchaser's Due Diligence, provide reasonable access to the Power Plant during normal business hours and provide all reasonably necessary information and documents requested by the Purchaser for such purpose, subject to any required third party consents for the disclosure of such information and documents.

7. **Representations by the Purchaser.** In connection with the Fuel Related Arrangements, including the nomination and scheduling of the Required Natural Gas, as applicable, the Purchaser agrees and acknowledges that:

- (a) the Supplier is not acting as its fiduciary or fuel trading advisor;
- (b) the Purchaser is not relying on any advice, counsel or representations (whether written or oral) of the Supplier other than the representations expressly set forth in this MOU;
- (c) notwithstanding any estimate provided by the Supplier under this MOU, the Supplier has not given to the Purchaser (directly or indirectly through any other person) any assurance or guarantee as to any matters relevant to the Required

Natural Gas requirements, including, but not limited to, any assurance or guarantee regarding any heat rate value, for any capacity value of the Power Plant as it relates to the supply of Required Natural Gas and/or Fuel Related Arrangements, and for any Start-up Fuel Requirements or quantities thereof;

- (d) the Purchaser will make its own fuel supply, hedging, and trading decisions based on its own judgment and not upon any view expressed by the Supplier;
- (e) the Purchaser is entering into this MOU and any other fuel supply arrangements with a full understanding of all applicable tariffs, terms, conditions and risks (economic and otherwise), including economic, environmental and regulatory tariffs, conditions and risks, and is capable of assuming and willing to assume (financially and otherwise) those risks.

8. **Representations by the Supplier.** The Supplier represents and warrants to the Purchaser that:

- (a) in entering into this MOU, the Supplier is not relying on any advice, counsel or representations (whether written or oral) of the Purchaser other than the representations expressly set forth in this MOU; and
- (b) to the best of its knowledge and based on the information about the Power Plant actually known by the Supplier as of the date of this MOU, the Power Plant is in a good condition and will be able to produce electrical energy in accordance with the terms and conditions of this MOU.

9. **Appointment of Fuel Marketing Agent.** The Purchaser may, with the prior written consent of the Supplier not to be unreasonably withheld, appoint a third party, as its agent, to perform all the necessary gas marketing services related to the Required Natural Gas and the associated Fuel Related Arrangements (the “**Fuel Marketing Agent**”).

The appointment of the Fuel Marketing Agent will not relieve the Purchaser of its obligations to the Supplier under this MOU, and all payments under Schedule B, Schedule C and Schedule E, as applicable, shall continue to be made and settled directly between the Supplier and the Purchaser.

If the Purchaser requests that the Supplier act as its Fuel Marketing Agent, the Supplier may agree to do so, provided that the Purchaser agrees to any terms and conditions requested by the Supplier, acting reasonably.

10. **Invoicing and Payment.** The Supplier will invoice the Purchaser monthly for all payments required to be made by the Purchaser under this MOU, and the Purchaser will pay the invoices within twenty-one (21) days after its receipt of such invoice. The billing period (to be defined in the Definitive Agreement) shall be the standard period for all payments and the Supplier shall prepare and deliver to the Purchaser a statement of the payment obligations applicable to the preceding month.

11. **Confidentiality.** This MOU is entered into on the basis that each of the Parties shall keep the terms, conditions and provisions of this MOU confidential and shall keep all documents and information disclosed to or made available to or discovered by either of them in connection with this MOU, confidential and such documents and information shall be used solely for the purpose of evaluating or effecting the transactions contemplated by this MOU. Each of the Parties covenants and agrees that neither Party, nor its directors, officers, employees, agents, or representatives or advisors, will disclose the terms of this MOU to any person other than to such Party's directors, officers, employees, agents, representatives and advisors who, in the reasonable business judgment of such Party "need to know" for the purpose of evaluating or effecting the transactions contemplated by this MOU and who are instructed to keep such information confidential. Notwithstanding the foregoing, information or documents shall not be subject to the provisions of this Section 11 if, not otherwise in violation of this Section 11, such information or documents, (a) were or become(s) generally available to the public other than as a result of a breach of this MOU, (b) were or become(s) available to the receiving Party on a non-confidential basis from a source other than the disclosing Party, (c) were or are developed by receiving Party without using or relying on, and independently from, any information or documents part of a filing by the Purchaser seeking approval by the Régie, such filing being hereby authorized by the Parties at the time and date to be determined by the Purchaser at its sole discretion. The Supplier agrees to the disclosure of this MOU by the Purchaser in the approval process to the Régie and agrees to provide all reasonably necessary, as determined by the Supplier, explanations and documents, including an acceptable form of confidentiality affidavit, to ensure that this MOU remains a confidential document. If either Party or any of its directors, officers, employees, agents, or representatives or advisors is required by any *subpoena*, interrogatories, request for production, civil investigative demand, or other legal process or by any applicable laws or governmental authority to disclose any confidential information, such Party will give the other Party prompt written notice of the requirement and will cooperate with the other Party to keep the confidential information from being disclosed, or to limit the scope of the disclosure, as the case may be, and will cooperate with the other Party in seeking an appropriate protective order. In the absence of a protective order, the Party required to disclose may disclose only such confidential information which is legally required to be disclosed or as may be necessary to avoid any penalty, sanction, or other material adverse consequence, and the Party required to disclose will use reasonable efforts to secure confidential treatment of any confidential information so disclosed.
12. **Amendment to Suspension Agreement.** The Parties agree to amend Section 11 of the Suspension Agreement in order (a) to grant an option to the Purchaser to extend the Suspension Period (as defined in the Suspension Agreement) up to the expiration of the original term of the ESC, and (b) to grant an option to the Purchaser to end the Suspension Period with a three year written notice to the Supplier.
13. **Conditions to MOU.** The consummation of the transactions contemplated under this MOU is subject to the following conditions:
  - (a) the execution and delivery of this MOU by all necessary corporate action required by the Parties;

- (b) the transactions contemplated under this MOU shall be set forth in a formal agreement incorporating the terms and conditions of this MOU to be negotiated in good faith and concluded by the Parties no later than May 29, 2015 (the “**Definitive Agreement**”), failing which, this MOU shall be null and void and of no further effect;
  - (c) the Definitive Agreement shall be approved by the boards of directors of the Parties at their entire discretion;
  - (d) the Purchaser shall have entered into a definitive agreement with Gaz Métro LNG, L.P. or any other natural gas supplier for the delivery of the Required Natural Gas to the Supplier at the Natural Gas Delivery Point;
  - (e) the Purchaser shall be satisfied with the results of the call for tenders and/or negotiations with suppliers for all necessary equipment and facilities required for purposes of delivering the Required Natural Gas to the Supplier at the Natural Gas Delivery Point and all governmental approvals, authorizations and permits required in connection with the purchase, construction, installation and/or modification of such equipment and facilities shall have been issued and remain in full force and effect;
  - (f) the Supplier shall have obtained all governmental approvals, authorizations and permits, as the case may be, required under any environmental legislation to carry out its obligations under this MOU; and
  - (g) all conditions mentioned in this Section 13 shall have been satisfied or waived prior to the Effective Date;
14. **End of Suspension Period.** The Definitive Agreement shall provide that in the event the Purchaser ends the Suspension Period (as defined in the Suspension Agreement) and notwithstanding that the Power Plant is returned to service as a base load facility under the ESC for the remaining term of the ESC (the “**ESC Term**”), the Purchaser shall continue to pay the applicable Annual Tolling Fee for each Contract Year to the Supplier throughout the Term.
15. **Expiry of the ESC.** If the Purchaser never ends the Suspension Period and the ESC Term expires according to its terms, the Power Plant will continue to be operated in accordance with the terms of the Definitive Agreement for the time remaining in the Term and no additional costs shall be paid to the Supplier other than the amounts set forth in Schedule B, Schedule C and Schedule E for such remaining years.
16. **Termination of this MOU.** This MOU may be terminated by written notice of a Party to the other Party if one or more of the conditions set forth in Section 13 is not or cannot be satisfied by the Effective Date and neither Party shall have any obligations or liabilities to the other Party as a result of such termination.
17. **Approval by the Régie.** The Purchaser shall apply to the Régie for approval of this MOU and the Definitive Agreement as soon as practicable following the execution of this



MOU, and shall act diligently to facilitate the approval process. The Supplier will use reasonable efforts to cooperate with the Purchaser in connection with such application. The Parties acknowledge that should the Supplier be required to support, participate or intervene in these regulatory proceedings, the Purchaser shall pay the Supplier's reasonable legal fees and expenses in connection therewith;

Furthermore:

- (a) if the Régie approves the Term, the Parties agree that the Purchaser will delegate and allocate the responsibility of, and allocate, to Hydro-Québec Distribution (“**HQD**”), a division of the Purchaser, all rights and obligations under the Definitive Agreement;
  - (b) if the Régie does not approve the Term but rather approves a term which expires on the same date as the ESC Term, which ESC Term shall not be extended by the Parties, then the Parties agree to execute the Definitive Agreement and agree that:
    - (i) for the period between the Effective Date and the expiry date of the ESC Term (the “**Initial Period**”), the Purchaser will delegate and allocate the responsibility of, and allocate to HQD, all rights and obligations under the Definitive Agreement existing or arising in the Initial Period; and
    - (ii) for the period between the expiration of the ESC Term and the expiry of the Term (the “**Final Period**”), the Purchaser will delegate and allocate the responsibility of, and allocate, to Hydro-Québec Production, another division of the Purchaser, all rights and obligations under the Definitive Agreement existing or arising in the Final Period.
18. **Approval Deadline.** If the Régie does not approve the Definitive Agreement in its entirety on or before July 30, 2015 (the “**Approval Deadline**”), or approves the Definitive Agreement on conditions that are not satisfactory to either Party, the Definitive Agreement shall be null and void and of no further force or effect. The Parties may agree, in writing, to extend the Approval Deadline.
19. **Own Party Costs.** Each Party will pay for its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this MOU, the Definitive Agreement, and the agreements and transactions contemplated herein and therein, including the fees and expenses of legal counsel, financial advisors, accountants, consultants and other professional advisors.
20. **Amendment to the ESC.** The Definitive Agreement shall constitute an amendment to the ESC by adding new provisions to the ESC and shall form part of the ESC by supplementing the existing provisions thereof.

Except as may be expressly stated to be an amendment to any specific provision of the ESC and/or the Suspension Agreement in this MOU or the Definitive Agreement, this MOU does not, and the Definitive Agreement shall not, modify, replace and amend, or be

construed as modifying, replacing or amending, any of the existing provisions of the ESC and the Suspension Agreement.

Furthermore, the provisions of the ESC and the Suspension Agreement shall not modify, replace or amend, or be construed as modifying, replacing or amending, any of the provisions of this MOU and the Definitive Agreement.

Finally, the Parties agree that, during the Term, all the payments, rights and benefits that the Supplier receives or shall receive pursuant to the ESC and the Suspension Agreement shall continue in full force in accordance with the terms thereof, and the rights and benefits of the Supplier under the Definitive Agreement and this MOU shall be supplemental to the entitlements of the Supplier under the ESC and the Suspension Agreement. Notwithstanding the duration of the Term, nothing in this MOU or the Definitive Agreement shall be interpreted or construed as extending the term of the ESC beyond the ESC Term.

21. **Exclusivity.** The Supplier shall not deliver electrical energy from the Power Plant to any third party during the Term of the Definitive Agreement, without the prior written consent of the Purchaser, in its sole discretion. The Purchaser may require certain additional amendments to the ESC and/or the Suspension Agreements as a condition to granting such consent.
22. **Default and Termination.** The Definitive Agreement will include mutually agreeable provisions for events of defaults for non-payment, non-performance, misrepresentation and insolvency events, with cure periods. Subject to limitations on liability and appropriate cure periods, the Parties will each have reasonable and appropriate remedies including rights to damages, termination, suspension of performance, and indemnification by the other Party for breach and non-performance.
23. **Material Adverse Event.** Any change in laws, regulations, by-laws, standards, guidelines or requirements, or any coming into force thereof, by any federal, provincial or municipal authorities that may have a positive or negative effect on the costs incurred by the Supplier in respect of operating or maintaining the Power Plant under the Definitive Agreement, and/or on the revenues received by the Supplier from operating the Power Plant under the Definitive Agreement shall constitute an event for the purpose of the application of this Section 23 (an “**Event**”).

An Event, taken in aggregate with all other Event(s), shall constitute a material adverse event if such Event(s) have increased the costs of the Supplier or decreased its revenues, or it is reasonably expected to increase the costs of the Supplier or decrease its revenues, by a simple sum amount, calculated over the entire Term, equal to or greater than [REDACTED] (a “**Material Adverse Event**”). In determining if a Material Adverse Event has occurred or not, the costs or the revenues of the Supplier will be determined and accounted for by the Supplier, and shall take into account any actions that the Supplier should be expected to take to mitigate the effect of such Material Adverse Event. The Supplier may give notice of such Material Adverse Event to the Purchaser.

Within 60 days following the date of any such notice, the Supplier shall provide the Purchaser with such information as may be reasonably required to assess the Material Adverse Event. The Parties shall meet within 20 business days of the Purchaser's receipt of such information to negotiate in good faith amendments to the terms and conditions of the Definitive Agreement so that the Supplier is in no better or worse position than it would have been in had all the Event(s) constituting the Material Adverse Event not occurred.

If the parties are unable to agree on whether a Material Adverse Event has occurred, as to the effect thereof, or as to the appropriate amendments to the Definitive Agreement to address such change, then: (i) the Parties may agree to refer such dispute for resolution in accordance with a dispute resolution process agreed to in the Definitive Agreement, or (ii) either Party may terminate the Definitive Agreement. In the event that the Definitive Agreement is terminated pursuant to this Section 23:

- (a) the Parties may agree on mutually acceptable terms and conditions for the production of energy from the Power Plant; and
- (b) the Purchaser shall have no other recourse against the Supplier and it shall not be entitled to any penalties, damages or costs whatsoever, and the Supplier shall have no other recourse against the Purchaser for, and it shall not be entitled to any claim for, loss of revenues or profits, or for any other reason.

Additionally, in the event that the Definitive Agreement is terminated by the Supplier pursuant to this Section 23, Section 21 (Exclusivity) shall apply for a period of two years beginning on the termination date or until the end of the Term, whichever expires first.

During the ESC Term, the Supplier shall be entitled to the benefit of this Section 23 for any Event(s) that arises from the mode of operations of the Power Plant required to provide electrical energy to the Purchaser under this MOU. Otherwise, the Supplier shall only be entitled to the benefit of this Section 23 for any Event(s) that constitutes a Material Adverse Event in any of the Contract Years after the expiry of the ESC Term.

24. **Dispute Resolution.** The Parties will first attempt to resolve any claims or disputes under this MOU by submitting the matter to senior management representatives of each Party (such representatives being authorized to settle any such dispute). The dispute resolution process will be detailed in the Definitive Agreement.

25. **Miscellaneous.**

- (a) This MOU contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any and all prior understandings, representations, correspondence or memoranda of understanding between the Parties;
- (b) This MOU may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and same instrument. Signatures delivered by facsimile or electronic mail

shall be deemed for all purposes to be original counterparts of this MOU. The Parties agree that a French version of this MOU will be signed by the Parties as soon as possible;

- (c) Nothing contained herein shall be construed as creating any partnership, agency or joint and several liability between the Parties;
- (d) This MOU shall be governed by and construed in accordance with the laws applicable in the Province of Quebec.

ACCEPTED AND AGREED TO AS OF THE DATE FIRST ABOVE WRITTEN:

**TRANSCANADA ENERGY LTD.**

**HYDRO-QUÉBEC**

Name: William C. Taylor  
Per: *(s) William C. Taylor*  
Title: EVP and President

Name: Daniel Richard  
Per: *(s) Daniel Richard*  
Title: President Hydro-Québec Distribution

Name: Jasmin Bertovic  
Per: *(s) Jasmin Bertovic*  
Title: Vice President

Name: Hani Zayat  
Per: *(s) Hani Zayat*  
Title: Director – Electricity Supply

## **SCHEDULE A**

### **REQUIRED NATURAL GAS SPECIFICATIONS**

#### **Pressure and Quality of Gas**

All Required Natural Gas delivered to the Power Plant must meet the gas quality specifications provided in the current Conditions of Service and Tariff of GMI's approved distribution tariff.

Additionally:

- a) considering pressure fluctuation, the Required Natural Gas delivered to the Power Plant shall be, at all times, between a minimum pressure of 3550 KPa (515 psig) and a maximum pressure of 4135 KPa (600 psig);
- b) the Required Natural Gas delivered to the Power Plant shall not contain any particulate matter or droplets in excess of 10 micron absolute; and
- c) the Required Natural Gas delivered to the Power Plant shall have all mercaptan removed.

**SCHEDULE B**  
**ANNUAL TOLLING FEE**

**1. Annual Tolling Fee**

The Purchaser shall pay the Supplier the following Annual Tolling Fee applicable to each Contract Year:

Contract Year	Annual Payment (\$ millions/yr)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

**2. Fuel and Environmental Requirements Charges**

The Purchaser shall be required to supply, at its sole cost, all the Required Natural Gas and Fuel Related Arrangements to generate the Peak Tolling Energy requested by the Purchaser under this MOU including for all start-up, shut-down, standby and ramping times associated with such requests, for all periodic testing and recommissioning activities and for any Capacity Check Test and Heat Rate Check Test.

The Supplier shall be responsible for obtaining all environmental requirements, such as permits, licences, allowances, etc., required by or for the Power Plant, including, but not limited to, all Greenhouse Gas (“GHG”) permits, in order to generate the Peak Tolling Energy requested by the Purchaser under this MOU (including for all start-up, shut-down, standby and ramping times

associated with such requests) (the “**Environmental Requirements**”), but the Purchaser shall be responsible for all the costs incurred by the Supplier in obtaining all such Environmental Requirements, provided that such requirements: (i) are GHG permit costs, or (ii) are new Environmental Requirements after the date of this MOU, or only became a requirement by or for the Power Plant after the date of this MOU, or (iii) only became a requirement by or for the Power Plant as a result of any modification to any existing Environmental Requirements as of the date of this MOU.

If the Supplier determines that any free allocations of GHG permits are available after first allocating such permits to the steam sales from the Power Plant or the Power Plant’s auxiliary boiler system and for other compliance purposes, then the Supplier will allocate the remaining free allocations of GHG permits against the operations of the Power Plant for the Tolling Capacity, only to the extent allowed by all applicable laws and regulations.

### **3. Pass-Through Charges**

The following costs shall be recovered by the Supplier from the Purchaser on a pass-through basis:

[REDACTED]

- b) any HQD electricity costs (including demand charges) incurred by the Supplier which are attributable to making the Power Plant available, which includes but is not limited to testing, recommissioning, starting, operating, stopping, conducting Capacity Check Test and Heat Rate Check Test, and placing on stand-by the Power Plant in order to provide the Tolling Capacity and Peak Tolling Energy.

**SCHEDULE C**  
**FEES, CHARGES AND COSTS**  
**FOR PEAK TOLLING ENERGY**  
**(101 TO 300 PEAK RUN TIME HOURS)**

**Payments**

The Parties agree to a commercial arrangement for the delivery of Peak Tolling Energy after the first 100 hours of the Peak Run Time Hours (the “**Remaining 200 Peak Run Time Hours**”) as further described below:

a) Fee

The Purchaser shall pay a fee of [REDACTED] during the first Contract Year for each MWh of Peak Tolling Energy during the Remaining 200 Peak Run Time Hours actually delivered from the Supplier to the Electricity Delivery Point.

In each subsequent Contract Year, the fee portion of the tolling charge shall be adjusted annually in accordance with increases or decreases in the Consumer Price Index (Index to be defined in the Definitive Agreement) issued by Statistics Canada over the preceding Contract Year.

b) Fuel and Environmental Requirements Charges

The Purchaser is also responsible for all obligations and other charges and costs set forth in Section 2 of Schedule B, as they relate to the Remaining 200 Peak Run Time Hours.

c) Flat Fee per Start-Up

The Definitive Agreement will provide that the Purchaser shall be required to pay a flat fee per start-up in an amount to be determined in the Definitive Agreement.

d) Pass Through Charges

The Purchaser is also responsible for all obligations and other charges and costs set forth in Section 3 of Schedule B, as they relate to the Remaining 200 Peak Run Time Hours.



## **SCHEDULE D**

### **RELIEVED OUTAGE HOURS**

The Parties agree that the Supplier shall not be subject to any penalties or liquidated damages to the extent that the Supplier, when dispatched by Purchaser, delivers Peak Tolling Energy at a level of reliability reasonably expected from the Power Plant when operated in the manner contemplated under this MOU using good electric utility operating practices. The preliminary reliability level of the Power Plant determined by the Parties is [REDACTED] over a five year period. For clarity, the term “reliability” refers to herein as the percentage of time that the Power Plant operates when requested and excludes those hours when the Power Plant is unavailable to run but is not requested. Additionally, the “preliminary reliability level” is based on an average of similar power plants’ configurations operating in a variety of modes.

The specific level of reliability, mechanism and process for effecting such relief shall be detailed in the Definitive Agreement. The Parties agree that the Supplier will hire a qualified engineering firm to review and recommend an appropriate measure and level of reliability and any other factors the Parties determine necessary in order to definitively establish an appropriate level of reliability, relief mechanism and process for the Power Plant operating in the mode of a winter peaker.

## SCHEDULE E

### ADDITIONAL TOLLING ENERGY

#### 1. Payments

The Parties agree to the concept of a “cost plus” commercial arrangement for the delivery of Additional Tolling Energy as further described below:

##### a. Fee

The Purchaser shall pay a fee of [REDACTED] during the first Contract Year for each MWh of Additional Tolling Energy actually delivered from Supplier to the Electricity Delivery Point.

In each subsequent Contract Year, this fee shall be adjusted annually in accordance with increases or decreases in the Consumer Price Index (Index to be defined in the Definitive Agreement) issued by Statistics Canada over the preceding Contract Year.

##### b. Fuel and Environmental Requirements Charges

The Purchaser is also responsible for all obligations and other charges and costs set forth in Section 2 of Schedule B, as they relate to the Additional Tolling Energy.

##### c. Operations and Maintenance Costs (O&M)

The Purchaser shall be required to pay all reasonable actual operations and maintenance costs (“O&M costs”) incurred by the Supplier associated with the supply of Additional Tolling Energy, including for all start-up, shut-down, standby and ramping times associated with such requests.

O&M costs shall be payable monthly by the Purchaser. The monthly charge will be based on reasonable estimated O&M cost projections provided by the Supplier. Such payments shall be true-up to the Supplier’s actual costs on a periodic basis where the frequency and method of calculating and verifying such payments and true-ups shall be mutually agreed to by the Parties.

##### d. Pass-through Charges

The Purchaser is also responsible for all obligations and other charges and costs set forth in Section 3 of Schedule B with respect to placing on stand-by the Power Plant in order to provide the delivery of Additional Tolling Energy.

**2. Dispatch and Minimum Quantity**

The Purchaser may dispatch Additional Tolling Energy in accordance with the mechanisms for dispatching Peak Tolling Energy pursuant to the terms and conditions of this MOU.

The Supplier agrees to provide and the Purchaser agrees to take Additional Tolling Energy strictly on an “as-available” basis.

There is no minimum quantity of Additional Tolling Energy obligation on either Party.

The Supplier agrees to notify the Purchaser at least 24 hours in advance of any given day the schedule of the hourly maximum capacity that is expected to be available for the Purchaser to dispatch for the purposes of Additional Tolling Energy.

**3. Failure to Deliver**

The Supplier shall not be responsible for any damages, penalties, costs or other payments whatsoever resulting from any failure by the Supplier to deliver any Additional Tolling Energy under this MOU or otherwise under the law.

## SCHEDULE F

### CAPACITY CHECK TEST PROTOCOL

(Referred to as the “**Protocol**”)

The Supplier will prepare performance test procedure plan for the Power Plant, detailing the procedures, instrumentation, isolation, correction curves, auxiliary load tables, pre-testing uncertainties and other relevant matters to be used for conducting a Capacity Check Test.

The Supplier will deliver the plan to the Purchaser at least 180 days before the Capacity Check Test. The Purchaser will review the plan and provide comments within 10 business days. Should the Purchaser not provide comments in this time frame, the plan will be deemed approved by the Purchaser. The Supplier will consider the Purchaser’s comments and make corrections required by this Protocol, and resubmit the plan as required for review and acceptance.

#### 1. Performance Test Reference Conditions

The following operating parameters and fuel gas specifications are the reference conditions established in applicable winter ambient conditions (the “**Reference Conditions**”) and to be applied for the purpose of the Capacity Check Test:

##### a) Operating Parameters

Conditions	Standard
Plant Elevation	15.0 Meters ASL
Ambient Dry Bulb Temperature	-6.8 degrees Celsius
Relative Humidity	60%
Barometric Pressure	101.146 kPa
Fuel – Natural Gas	See Section 2 below, Expected Values (fuel shall be calculated per ASTM D3588-98)
Fuel pressure (Natural Gas Only)	3551 kPag (minimum) at site boundary
Fuel Gas Temperature	5 degrees Celsius at site boundary
Plant Operating Level	Full Load, Duct Burners “On”
Export Power Voltage	230 kV
CTG Peaking Power Augmentation	Off
Frequency	60 Hz
Power Factor	0.85 Lagging at generator terminals

<b>Conditions</b>	<b>Standard</b>
Emissions	For each HRSG stack, at full duct fire: (i) NO <sub>x</sub> : 4.0 ppmvd @ 15% O <sub>2</sub> . (ii) CO: 10.0 ppmvd @ 15% O <sub>2</sub> . (iii) PM <sub>10</sub> : 25 lb/hr. (iv) VOC: 7.5 lb/hr as CH <sub>4</sub> . (v) NH <sub>3</sub> : 5.0 ppmvd @ 15% O <sub>2</sub>
Export process Steam	TO PCI OR NORSK 0 kgs/hr
Process Condensate Return	From PCI OR NORSK 0 kgs/hr
HRSG HP drum blowdown	1% of Steam Flow
HRSG IP drum blowdown	1% of Steam Flow
HRSG LP drum blowdown	1% of Steam Flow
Make-up water temperature	4 degrees Celsius
Excess make-up water flow	0 lb/hr
Auxiliary load	Continuous operating equipment as required for operation at Reference Conditions

b) Fuel Gas Specifications

<b>Fuel Gas Component</b>	<b>Parameter</b>	<b>Maximum</b>	<b>Expected Percent by Volume</b>
Methane (CH <sub>4</sub> )	%		95.39%
Ethane (C <sub>2</sub> H <sub>6</sub> )	%		1.79%
Propane (C <sub>3</sub> H <sub>8</sub> )	%		0.17%
I-Butane (C <sub>4</sub> H <sub>10</sub> )	%		0.03%
N-Butane (C <sub>4</sub> H <sub>10</sub> )	%		0.03%
N-Pentane (C <sub>5</sub> H <sub>12</sub> )	%		0.01%
C <sub>6</sub> +	%		0.01%
I-Pentane (C <sub>5</sub> H <sub>12</sub> )	%		0.01%
Nitrogen (N <sub>2</sub> )	%		1.86%
Carbon Dioxide (CO <sub>2</sub> )	%		0.70%
Carbon Monoxide (CO)	%		0.0%
Hydrogen (H <sub>2</sub> )	%		0.0%

<b>Fuel Gas Component</b>	<b>Parameter</b>	<b>Maximum</b>	<b>Expected Percent by Volume</b>
Oxygen (of)	%		0.0%
Hydrogen Sulfide (H <sub>2</sub> S)	mg/m <sup>3</sup>	2.061	
Total Sulfur	mg/m <sup>3</sup>	3.10	
Calorific Value HHV	BTU/scf		1006
Calorific Value LHV	BTU/lb		20,390
Specific Gravity	Ref to dry air @ 101.325 kPag & 15 degrees Celsius		0.58

## **2. Capacity Performance Test**

The Supplier will engage a qualified independent performance test engineer to schedule and supervise the Capacity Check Test, and certify the performance test results. The Power Plant operation during the Capacity Check Test will be conducted by the Supplier's operations and maintenance personnel. The Purchaser may witness testing if requested, subject to adherence to or compliance to the Supplier's procedures or policies.

There will be no repairs, replacements or design changes to any equipment which materially alters the performance of the Power Plant. Automatic switchover of operating equipment to standby equipment that does not affect performance of the Power Plant will not invalidate the results of the test.

The Capacity Check Test will consist of the following:

- a) The Power Plant will be brought to a stable operating state at its maximum base load operating capability;
- b) The Capacity Check Test will be conducted in conformance with ASME PTC 46. Any deviations from PTC 46 will be mutually agreed to by the Supplier and the Purchaser;
- c) Pre and post-test uncertainty will be determined and must not exceed 1.0%. Test uncertainties will not be applied as a tolerance for the purposes of validating the Capacity Test Value;
- d) Fuel gas samples will be taken by the Supplier in sets of three to allow for retesting if necessary. The Required Natural Gas must meet or exceed the specifications required by the Supplier (see Schedule A);
- e) Test results will be corrected to Reference Conditions.

Correction curves and test procedures will be established by the Supplier and approved by the Purchaser prior to testing.

## SCHEDULE G

### ANNUAL MANAGEMENT PLAN

The Parties agree to cooperate and work together in order to establish an annual plan (the “**Annual Management Plan**”) prior to the first day of October of each year, for the following year, detailing:

- the Purchaser’s expected dispatch of Peak Tolling Energy during the Remaining 200 Peak Run Time Hours;
- the Purchaser’s expected dispatch of Additional Tolling Energy;
- the Supplier’s expected outage schedule; and
- the Supplier’s expected O&M costs.

The purpose of the Annual Management Plan is to set out annual expectations for the dispatch of the Peak Tolling Energy for the Remaining 200 Peak Run Time Hours and the Additional Tolling Energy, including costs to be incurred and collected in the upcoming year.

The Annual Management Plan is intended for informational purposes only and shall not limit the Supplier’s ability to recover actual costs and the Purchaser’s ability to actually dispatch Peak Tolling Energy for the Remaining 200 Peak Run Time Hours and/or the Additional Tolling Energy in accordance with this MOU.



## SCHEDULE H

### START-UP FUEL REQUIREMENTS

**Very Cold Start:** Any start that occurs after the Power Plant has been offline for 150 hours or longer. Fuel requirement is expected to be no greater than [REDACTED]/start and the start duration is expected to be six hours.

**Cold Start:** Any start that occurs after the Power Plant has been offline for 48 hours or longer but less than 150 hours. Fuel requirement is expected to be no greater than [REDACTED]/start and the start duration is expected to be six hours.

**Warm Start:** Any start that occurs after the Power Plant has been offline for 24 hours or longer, but less than 48 hours. Fuel requirement is expected to be no greater than [REDACTED]/start and the start duration is expected to be three hours.

**Hot Start:** Any start that occurs after the Power Plant has been offline for 8 hours or longer, but less than 24 hours. Fuel requirement is expected to be no greater than [REDACTED]/start and the start duration is expected to be two hours.

**Very Hot Start:** Any start that occurs after the Power Plant has been offline for less than eight hours. Fuel requirement is expected to be no greater than [REDACTED]/start and the start duration is expected to be one hour.

**Shutdown:** For all shutdowns. Fuel requirement is expected to be no greater than [REDACTED]/start and take less than one hour.

The Supplier is providing these estimated quantities of start-up fuel requirements for information purposes only (the “**Start-up Fuel Requirements**”), without any guarantee or assurance of any nature whatsoever.