

Connection and Cost Recovery Agreement

between

(Customer Legal Name)

and

Hydro One Networks Inc.



for

(Project Description)

(Customer’s Full Legal Name) (the “Customer”) has requested and **Hydro One Networks Inc.** (“Hydro One”) has agreed to (insert project description) (the “Project”) on the terms and conditions set forth in this Agreement dated (insert date) (the “Agreement”) and the attached Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects V2 11 -2006 (the “Standard Terms and Conditions” or “T&C”). Schedules "A" and "B" attached hereto and the Standard Terms and Conditions are to be read with and form part of this Agreement.

Project Summary

(Insert project overview – scope and need)

Term: The term of this Agreement commences on the date first written above and terminates

[If Low Risk: on the 25th anniversary of the In Service Date.]

[If Medium High: 180 days after the 10th anniversary of the In Service Date¹]

[If Medium Low: on the 15th anniversary of the In Service Date.]

[If High Risk: 180 days after the 5th anniversary of the In Service Date²]

Special Circumstances: (Describe any special circumstances)

In addition to the circumstances described in Section 5 of the Standard Terms and Conditions, the Ready for Service Date is subject to:

- (a) the Customer executing and delivering this Agreement to Hydro One by no later than (insert date), (the “Execution Date”); and
- (b) [specify any Project specific issues not addressed in Section 5 of the Standard Terms and Conditions]

Right of Customer to By-Pass Existing Load Facilities

1. Obligation to Notify Hydro One of Customer’s Intent to Bypass an Existing Load Facility

The Annual Average Monthly Peak Load is the load that the Customer must maintain on the Existing Load Facility unless the Customer chooses to exercise its rights under the *Transmission System Code* and the Agreement to bypass the Existing Load Facility. The Customer shall notify Hydro One, in writing, at least 30 days prior to transferring load from the Existing Load Facility with the intention of by-passing as defined in the *Transmission System Code* that will result in a reduction in its Annual Average Monthly Peak Load. Hydro One will then proceed in accordance with Section 6.7 of the *Transmission System Code*.

2. Hydro One has not received a Notice of Customer Intent to Bypass an Existing Load Facility and Customer has Transferred Existing Load

Where Hydro One determines that the Customer has transferred load from the Existing Load Facility that will result in a reduction in its Annual Average Monthly Peak Load without notifying Hydro One or the OEB, Hydro One will notify the Customer, all other load customers served by the connection facility and the OEB of a potential by-pass situation in accordance with the OEB-Approved Connection Procedures. If the Customer does not intend to by-pass the Existing Load Facility, the Customer must in accordance with the OEB-Approved Connection Procedures:

- i. notify Hydro One and the OEB within 30 days of receiving Hydro One’s notification of potential by-pass, that it has no intention of by-passing Hydro One’s Existing Load Facility;
- ii. transfer the load back to the Existing Load Facility within an agreed time period; and
- iii. compensate Hydro One for the lost revenues.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement.

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

HYDRO ONE NETWORKS INC.

Jim Patterson
Manager - Customer Business Relations
I have the authority to bind the Corporation.

(CUSTOMER’S FULL LEGAL NAME)

Name:
Title:
I have the authority to bind the Corporation.

Schedule “A” (Project Title)

PROJECT SCOPE

New or Modified Connection Facilities: Hydro One will (describe project)

Connection Point:

Ready for Service Date:

HYDRO ONE CONNECTION WORK

Part 1:Transformation Connection Pool Work

Hydro One will:

- Provide

NOTES:

[**Where appropriate:** The Estimate of the Engineering and Construction Cost of the Transformation Connection Pool Work and the Estimate of Transformation Connection Pool Work Capital Contribution do not include any amounts associated with the easements and other land rights to be obtained by Hydro One from third parties for the Transformation Connection Pool Work. The actual cost of obtaining those easements and other land rights will be reflected in the Actual Engineering and Construction Cost of the Transformation Connection Pool Work and the Actual Transformation Connection Pool Work Capital Contribution.]

Part 2:Line Connection Pool Work

Hydro One will:

- Provide.

NOTES:

[**Where appropriate:** The Estimate of the Engineering and Construction Cost of the Line Connection Pool Work and the Estimate of Line Connection Pool Work Capital Contribution do not include any amounts associated with the easements and other land rights to be obtained by Hydro One from third parties for the transmission line. The actual cost of obtaining those easements and other land rights will be reflected in the Actual Engineering and Construction Cost of the Line Connection Pool Work and the Actual Line Connection Pool Work Capital Contribution.]

Part 3:Network Customer Allocated Work

Hydro One will:

- (describe any network modifications)

Part 4: Network Pool Work (Non-Recoverable from Customer)

Hydro One will:

- (describe any network modifications)

Part 5: Work Chargeable to Customer

Hydro One will:

Part 6: Scope Change

For the purposes of this Part 6 of Schedule “A”, the term “Non-Customer Initiated Scope Change(s)” means one or more changes that are required to be made to the Project Scope as detailed and documented in Parts 1 to 5 of this Schedule “A” such as a result of any one or more of the following:

- any environmental assessment(s);
- **[To be used where CCRA executed prior to route selection:** requirement for Hydro One to obtain approval under Section 92 of the *Ontario Energy Board Act* if the transmission line route selected by Hydro One is greater than 2 km in length;]
- conditions included by the OEB in any approval issued by the OEB under Section 92 of the *Ontario Energy Board Act*; and
- any IESO requirements identified in the System Impact Assessment or any revisions thereto.

Any change in the Project Scope as detailed and documented in Parts 1 to 5 of this Schedule “A” whether they are initiated by the Customer or are Non-Customer Initiated Scope Changes, may result in a change to the Project costs estimated in Schedule “B” of this Agreement and the Project schedule, including the Ready for Service Date.

All Customer initiated scope changes to this Project must be in writing to Hydro One.

Hydro One will advise the Customer of any cost and schedule impacts of any Customer initiated scope changes. Hydro One will advise the Customer of any Material cost and/or Material schedule impacts of any Non-Customer Initiated Scope Changes.

Hydro One will not implement any Customer initiated scope changes until written approval has been received from the Customer accepting the new pricing and schedule impact.

Hydro One will implement all Non-Customer initiated scope changes until the estimate of the Engineering and Construction Cost of all of the Non-Customer initiated scope changes made by Hydro One reaches 10% of the total sum of the estimates of the Engineering and Construction Cost of:

- (i) the Transformation Connection Pool Work,;
- (ii) the Line Connection Pool Work;
- (iii) Network Pool Work
- (iv) Network Customer Allocated Work; and
- (v) the Work Chargeable to Customer.

At that point, no further Non-Customer initiated scope changes may be made by Hydro One without the written consent of the Customer accepting new pricing and schedule impact. If the Customer does not

accept the new pricing and schedule impact, Hydro One will not be responsible for any delay in the Ready for Service Date as a consequence thereof.

CUSTOMER CONNECTION WORK

The Customer will:

- Provide

EXISTING LOAD:

	A	B	C	D = A x C
Existing Load Facility	Existing Load -Annual Peak Load (MW)¹	Normal Capacity (MW)²	Peak Load Index (PLI)³	Annual Average Monthly Peak Load (MW)⁴

Notes:

1. Existing Load (Annual Peak Load) means the Customer’s Assigned Capacity at the Existing Load Facility as of the date of this Agreement (Section 3.0.3 of the *Transmission System Code*).
2. Any station load above the Normal Capacity of the Existing Load Facility (Overload) will be determined in accordance with Section 6.7.9 of the *Transmission System Code* and Hydro One’s Connection Procedures. If the Overload is transferred to the New or Modified Connection Facilities, the Overload will be credited to the Line Connection Revenue, Transformation Connection Revenue or Network Revenue requirement, whichever is applicable.
3. Peak Load Index (“PLI”) for each Existing Load Facility is calculated as the average of the monthly peaks divided by the annual peak. Hydro One uses an average over the most recent three-years when calculating the PLI since load shape can vary significantly from year to year.
4. The Annual Average Monthly Peak Load is the load that the Customer must maintain on the Existing Load Facility unless the Customer chooses to exercise its’ rights under the *Transmission System Code* to bypass the Existing Facility.

OTHER RELEVANT CONSIDERATIONS: (e.g. are there any existing Connection and Cost Recovery Agreements or Feeder Allocation Agreements in place with the Customer)

EXCEPTIONAL CIRCUMSTANCES RE. NETWORK CONSTRUCTION OR MODIFICATIONS: (Yes/No). If yes, describe the exceptional circumstances and the network construction or modifications.

MISCELLANEOUS

Customer Connection Risk Classification: Specify whether Low Risk, Medium-High Risk, Medium – Low or High Risk

True-Up Points: If Low Risk (a) following the fifth and tenth anniversaries of the In Service Date; and
(b) following the fifteenth anniversary of the In Service Date if the Actual Load is 20% higher or lower than the Load Forecast at the end of the tenth anniversary of the In Service Date.

If Medium-Low Risk or Medium-High Risk – following the third, fifth and tenth anniversaries of the In Service Date

If High Risk – yearly following each anniversary of the In Service Date

Customer's GST Registration Number:

Documentation Required (after In Service Date): Describe

Ownership: Hydro One will own all equipment provided by Hydro One as part of the Hydro One Connection Work with the exception of **[insert description of anything being constructed, installed or put together by Hydro One that is to be owned by the Customer]**

Approval Date (if Section 92 required to be obtained by Hydro One):

Security Requirements: Specify amount or Nil

Security Date:

Easement Required from Customer: (Yes/No)

Easement Date:

Easement Lands: [Insert description of lands owned by Customer where Hydro One requires an easement for the purposes of the Hydro One Construction Work]

Easement Term: In perpetuity

Approval Date (for OEB leave to construct):

Revenue Metering: IESO compliant revenue metering to be provided by the Customer

Customer Notice Info:

Customer legal Name and address

Attention: Name & Title

Fax #

Schedule “B” (Project Title)

TRANSFORMATION CONNECTION POOL WORK

Estimate of the Engineering and Construction Cost of the Transformation Connection Pool Work:

Estimate of Transformation Connection Pool Work Capital Contribution:

Actual Engineering and Construction Cost of the Transformation Connection Pool Work: To be provided 180 days after the Ready for Service Date

Actual Transformation Connection Pool Work Capital Contribution: To be provided 180 days after the Ready for Service Date

Capital Contribution Includes the Cost of Capacity Not Needed by the Customer:

LINE CONNECTION POOL WORK

Estimate of the Engineering and Construction Cost of the Line Connection Pool Work:

Estimate of Line Connection Pool Work Capital Contribution:

Actual Engineering and Construction Cost of the Line Connection Pool Work: To be provided 180 days after the Ready for Service Date

Actual Line Connection Pool Work Capital Contribution: To be provided 180 days after Ready for Service Date

Capital Contribution Includes the Cost of Capacity Not Needed by the Customer:

NETWORK CUSTOMER ALLOCATED WORK

Estimate of the Engineering and Construction Cost of the Network Customer Allocated Work:

Actual Engineering and Construction Cost of the Network Customer Allocated Work: To be provided 180 days after Ready for Service Date

NETWORK POOL WORK (NON-RECOVERABLE FROM CUSTOMER):

The estimated Engineering and Construction Cost of the Network Pool Work (Non-Recoverable From Customer) is \$XXX,000.00. Hydro One will perform this work at its own expense.

WORK CHARGEABLE TO CUSTOMER

Estimate of the Engineering and Construction Cost of the Work Chargeable To Customer: \$

Actual Engineering and Construction Cost of the Work Chargeable To Customer: To be provided 180 days after Ready for Service Date

MANNER OF PAYMENT OF THE ESTIMATE OF CAPITAL CONTRIBUTIONS AND WORK CHARGEABLE TO CUSTOMER

The Customer shall pay Hydro One the estimate of the Transformation Connection Pool Work Capital Contribution, the Estimate of Line Connection Pool Work Capital Contribution, the estimate of the Network Customer Allocated Work Capital Contribution and the estimate of the Engineering and Construction Cost of the Work Chargeable to Customer by making the progress payments specified below on or before the Payment Milestone Date specified below. Hydro One will invoice the Customer for each progress payment 30 days prior to the Payment Milestone Date.

Payment Milestone Date	Transformation Pool Work Capital Contribution	Line Pool Work Capital Contribution	Network Customer Allocated Work Capital Contribution	Work Chargeable To Customer	Total Payment Required

TRANSFORMATION CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Annual Period Ending On:	New Load** (MW)	Part of New Load Exceeding Normal Capacity of Existing Load Facilities [A] (Note 1)	Adjusted Load Forecast (MW) [B]	Transformation Connection Revenue (k\$) for True-Up, based on [A] or [B], whichever is applicable
1st Anniversary of In Service Date				
2nd Anniversary of In Service Date				
3rd Anniversary of In Service Date				
4th Anniversary of In Service Date				
5th Anniversary of In Service Date	Final Year for High Risk			
6th Anniversary of In Service Date				
7th Anniversary of In Service Date				
8th Anniversary of In Service Date				
9th Anniversary of In Service Date				
10th Anniversary of In Service Date	Final Year for Medium-High Risk			
11th Anniversary of In Service Date				
12th Anniversary of In Service Date				
13th Anniversary of In Service Date				
14th Anniversary of In Service Date				
15th Anniversary of In Service Date	Final Year for Medium-Low Risk			
16th Anniversary of In Service Date				
17th Anniversary of In Service Date				
18th Anniversary of In Service Date				
19th Anniversary of In Service Date				
20th Anniversary of In Service Date				
21st Anniversary of In Service Date				

22 nd Anniversary of In Service Date				
23 rd Anniversary of In Service Date				
24 th Anniversary of In Service Date				
25 th Anniversary of In Service Date	Final Year for Low Risk			

LINE CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Annual Period Ending On:	New Load** - (MW)	Part of New Load Exceeding Normal Capacity of Existing Load Facilities [C]	Adjusted Load Forecast (MW) [D]	Line Connection Revenue (k\$) for True-Up, Based on [C] or [D], whichever is applicable
1 st Anniversary of In Service Date				
2 nd Anniversary of In Service Date				
3 rd Anniversary of In Service Date				
4 th Anniversary of In Service Date				
5 th Anniversary of In Service Date	Final Year for High Risk			
6 th Anniversary of In Service Date				
7 th Anniversary of In Service Date				
8 th Anniversary of In Service Date				
9 th Anniversary of In Service Date				
10 th Anniversary of In Service Date	Final Year for Medium-High Risk			
11 th Anniversary of In Service Date				
12 th Anniversary of In Service Date				
13 th Anniversary of In Service Date				
14 th Anniversary of In Service Date				
15 th Anniversary of In Service Date	Final Year for Medium-Low Risk			
16 th Anniversary of In Service Date				
17 th Anniversary of In Service Date				
18 th Anniversary of In Service Date				
19 th Anniversary of In Service Date				
20 th Anniversary of In Service Date				
21 st Anniversary of In Service Date				
22 nd Anniversary of In Service Date				
23 rd Anniversary of In Service Date				
24 th Anniversary of In Service Date				
25 th Anniversary of In Service Date	Final Year for Low Risk			

NETWORK REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Annual Period Ending On:	New Load** - (MW)	Part of New Load Exceeding Normal Capacity of Existing Load Facilities [C]	Adjusted Load Forecast (MW) [D]	Network Revenue (k\$) for True-Up, Based on [C] or [D], whichever is applicable
1st Anniversary of In Service Date				
2nd Anniversary of In Service Date				
3rd Anniversary of In Service Date				
4th Anniversary of In Service Date				
5th Anniversary of In Service Date	Final Year for High Risk			
6th Anniversary of In Service Date				
7th Anniversary of In Service Date				
8th Anniversary of In Service Date				
9th Anniversary of In Service Date				
10th Anniversary of In Service Date	Final Year for Medium-High Risk			
11th Anniversary of In Service Date				
12th Anniversary of In Service Date				
13th Anniversary of In Service Date				
14th Anniversary of In Service Date				
15th Anniversary of In Service Date	Final Year for Medium-Low Risk			
16th Anniversary of In Service Date				
17th Anniversary of In Service Date				
18th Anniversary of In Service Date				
19th Anniversary of In Service Date				
20th Anniversary of In Service Date				
21st Anniversary of In Service Date				
22nd Anniversary of In Service Date				
23rd Anniversary of In Service Date				
24th Anniversary of In Service Date				
25th Anniversary of In Service Date	Final Year for Low Risk			

** New Load based on Customer's Load Forecast which includes Part of New Load Exceeding Normal Capacity of Existing Load Facilities. "Overload" derived in accordance with Section 6.7.9 of the Transmission System Code and the OEB-Approved Connection Procedures. Any Customer load below the Normal Capacity of the Existing Load Facilities transferred to the New or Modified Facilities will not be credited towards the Transformation Connection Revenue Requirements, Line Connection Revenue Requirements or the Network Connection Revenue Requirements. The discounted cash flow calculation for Network Revenue requirements will be based on Incremental Network Load which is New Load less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One's connection facilities.

Standard Terms and Conditions for Load Customer Transmission Customer Connection Projects

1. Each party represents and warrants to the other that:
 - (a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
 - (b) it has all the necessary corporate power, authority and capacity to enter into the Agreement and to perform its obligations hereunder;
 - (c) the execution, delivery and performance of the Agreement by it has been duly authorized by all necessary corporate and/or governmental and/or other organizational action and does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a violation, a breach or a default under or give rise to termination, greater rights or increased costs, amendment or cancellation or the acceleration of any obligation under (i) its charter or by-law instruments; (ii) any Material contracts or instruments to which it is bound; or (iii) any laws applicable to it;
 - (d) any individual executing this Agreement, and any document in connection herewith, on its behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
 - (e) the Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms;
 - (f) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada). The GST registration number for Hydro One is 87086-5821 RT0001 and the GST registration number for the Customer is as specified in Schedule "A" of the Agreement; and
 - (g) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution.
- (b) the Customer shall perform the Customer Connection Work, at its own expense;
- (c) except as specifically provided in the Agreement, the Customer is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Customer Connection Work and those required for the construction, Connection and operation of the Customer's Facilities including, but not limited to, where applicable, leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*;
- (d) the Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities;
- (e) the Customer shall provide Hydro One with Project data required by Hydro One, including, but not limited to (i) the same technical information that the Customer provided the IESO during any connection assessment and facility registration process associated with the Customer's Facilities in the form outlined in the applicable sections of the IESO's public website and (ii) technical specifications (including electrical drawings) for the Customer's Facilities;
- (f) Hydro One may participate in the commissioning, inspection or testing of the Customer's Connection Facilities at a time that is mutually agreed by Hydro One and the Customer and the Customer shall ensure that the work performed by the Customer and others required for successful commissioning, inspection or testing of protective equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;
- (g) unless otherwise provided herein, Hydro One's responsibilities under the Agreement with respect to the Connection of the New or Modified Connection Facilities to Hydro One's transmission system shall be limited to the performance of the Hydro One Connection Work;
- (h) Hydro One is not permitted to Connect any new, modified or replacement Customer's Facilities unless any required Connection authorizations, certificate of inspection or other applicable approval have been issued or given by the Ontario Electrical Safety Authority in relation to such facilities;
- (i) Hydro One may require that the Customer provide Hydro One with test certificates certifying that the Customer's Facilities have passed all relevant tests and comply with the *Transmission System Code*, the Market Rules, Good Utility Practice, the standards of all applicable reliability organizations and any Applicable

Part A: Hydro One Connection Work and Customer Connection Work

2. The Customer and Hydro One shall perform their respective obligations outlined in the Agreement in a manner consistent with Good Utility Practice and the Transmission System Code, in compliance with all Applicable Laws, and using duly qualified and experienced people.

3. The parties acknowledge and agree that:

(a) Hydro One is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Hydro One Connection Work and those required for the construction, Connection and operation of the New or Modified Connection Facilities;

Laws, including, but not limited to any certificates of inspection that may be required by the Ontario Electrical Safety Authority;

(j) in addition to the Hydro One Connection Work described in Schedule "A", Hydro One shall: provide the Customer with such technical parameters as may be required to assist the Customer in ensuring that the design of the Customer's Facilities is consistent with the requirements applicable to Hydro One's transmission system and the basic general performance standards for facilities set out in the *Transmission System Code*, including Appendix 2 thereof; and

(k) if Hydro One requires access to the Customer's Facilities for the purposes of performing the Hydro One Connection Work or the Customer requires access to Hydro One's Facilities for the purposes of the Customer Connection Work, the parties agree that Section 27.13 of the Connection Agreement shall govern such access and is hereby incorporated in its entirety by reference into, and forms an integral part of the Agreement. All references to "this Agreement" in Section 27.13 shall be deemed to be a reference to the Agreement;

(l) the Customer shall enter into a Connection Agreement with Hydro One or amend its existing Connection Agreement with Hydro One at least 14 calendar days prior to the Connection;

(m) Hydro One shall use commercially reasonable efforts to ensure that any applications required to be filed to obtain any permits or approvals required under Applicable Laws for the Hydro One Connection Work are filed in a timely manner; and

(n) the Customer shall use commercially reasonable efforts to ensure that any applications required to be filed to obtain any permits or approvals required under Applicable Laws for the Customer Connection Work or for the construction, Connection and operation of the Customer's Facilities are filed in a timely manner.

4. The following aspects of the Hydro One Connection Work and Hydro One's rights and requirements hereunder are solely for the purpose of Hydro One ensuring that the Customer Facilities to be connected to Hydro One's transmission system do not materially reduce or adversely affect the reliability of Hydro One's transmission system and do not adversely affect other customers connected to Hydro One's transmission system, Hydro One's:

- (i) specifications of the protection equipment on the Customer's side of the Connection Point;
- (ii) acceptance of power system components on the Customer's side of the Connection Point;

- (iii) acceptance of the technical specifications (including electrical drawings) for the Customer's Facilities and/or the Customer Connection Work; and
- (iv) participation in the commissioning, inspection or testing of the Customer's Facilities,

The Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities.

5. Hydro One shall use commercially reasonable efforts to complete the Hydro One Connection Work by the Ready for Service Date specified in Schedule "A" provided that:

- (a) the Customer is in compliance with its obligations under the Agreement;
- (b) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One, acting reasonably;
- (c) there are no delays resulting from Hydro One not being able to obtain outages from the IESO required for any portion of the Hydro One Connection Work or from the IESO making changes to the Hydro One Connection Work or the scheduling of all or a portion of the Hydro One Connection Work ;
- (d) Hydro One does not have to use its employees, agents and contractors performing the Hydro One Connection Work or the Network Pool Work elsewhere on its transmission system or distribution system due to an Emergency (as that term is defined in the *Transmission System Code*) or a Force Majeure Event;
- (e) Hydro One is able to obtain the materials and labour required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
- (f) where Hydro One needs to obtain leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*, such leave is obtained on or before the date specified as the Approval Date in Schedule "A" of the Agreement;
- (g) where applicable, Hydro One received the easement described in Section 22 hereof by the Easement Date specified in Schedule "A" of the Agreement;
- (h) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws in order to perform all or any part of the Hydro One Connection Work:
 - (i) environmental approvals, permits or certificates;
 - (ii) land use permits from the Crown; and
 - (iii) building permits and site plan approvals;
- (j) Hydro One is able, using commercially reasonable efforts, to obtain all necessary land rights on terms substantially similar to the form of the easement that

is attached hereto as Appendix "B" of these Standard Terms and Conditions for the Project, prior to the dates upon which Hydro One needs to commence construction of the Hydro One Connection Work in order to meet the Ready for Service Date;

- (k) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work provided that such delays are beyond the reasonable control Hydro One; and
- (l) the Customer executed the Agreement on or before the date specified as the Execution Date.

The Customer acknowledges and agrees that the Ready for Service Date may be materially affected by difficulties with obtaining or the inability to obtain all necessary land rights and/or environmental approvals, permits or certificates.

6. Upon completion of the Hydro One Connection Work:

- (a) Hydro One shall own, operate and maintain all equipment specified in Schedule "A" of the Agreement under the heading "Ownership"; and
- (b) other than equipment referred to in (a) above that shall be owned, operated and maintained by Hydro One, all other equipment provided by Hydro One as part of the Hydro One Connection Work or provided by the Customer as part of the Customer Connection Work shall be owned, operated and maintained by the Customer.

The Customer acknowledges that:

- (i) ownership and title to the equipment referred to in (a) above shall throughout the Term and thereafter remain vested in Hydro One and the Customer shall have no right of property therein; and
- (ii) any portion of the equipment referred to in (a) above that is located on the Customer's property shall be and remain the property of Hydro One and shall not be or become fixtures and/or part of the Customer's property.

7. The Customer acknowledges and agrees that Hydro One is not responsible for the provision of power system components on the Customer's Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment.

All of the power system components on the Customer's side of the Connection Point including, without limitation, all transformation, switching and auxiliary equipment such as protection and control equipment shall be subject to the acceptance of Hydro One with

regard to Hydro One's requirements to permit Connection of the New or Modified Connection Facilities to Hydro One's transmission system, and shall be installed, maintained and operated in accordance with all Applicable Laws, codes and standards, including, but not limited to, the *Transmission System Code*, at the expense of the Customer.

8. Where Hydro One has equipment for automatic reclosing of circuit breakers after an interruption for the purpose of improving the continuity of supply, it shall be the obligation of the Customer to provide adequate protective equipment for the Customer's facilities that might be adversely affected by the operation of such reclosing equipment. The Customer shall provide such equipment as may be required from time to time by Hydro One for the prompt disconnection of any of the Customer's apparatus that might affect the proper functioning of Hydro One's reclosing equipment.

9. The Customer shall provide Hydro One with copies of the documentation specified in Schedule "A" of the Agreement under the heading "Documentation Required", acceptable to Hydro One, within 120 calendar days after the Ready for Service Date. The Customer shall ensure that Hydro One may retain this documentation for Hydro One's ongoing planning, system design, and operating review. The Customer shall also maintain and revise such documentation to reflect changes to the Customer's Facilities and provide copies to Hydro One on demand and as specified in the Connection Agreement.

Part B: Transformation Connection Pool Work and/or Line Connection Pool Work and/or Network Customer Allocated Work

10.1 To the extent that the Pool Funded Cost of the Hydro One Connection Work is not recoverable by Transformation Connection Revenue for the Transformation Connection Pool Work and/or Line Connection Revenue for the Line Connection Pool Work and/or Network Revenue for the Network Customer Allocated Work during the Economic Evaluation Period, the Customer agrees to pay Hydro One a Capital Contribution towards the Pool Funded Cost of the Transformation Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Line Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Network Customer Allocated Work and any amounts payable to Hydro One under Subsection 12 (a) (i) hereof.

An estimate of the Engineering and Construction Cost (not including Taxes) of the Transformation Connection Pool Work and/or Line Connection Pool Work and/or Network Customer Allocated Work is provided in Schedule "B" of the Agreement.

An estimate of the Capital Contribution for each of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work is specified in Schedule "B" of the Agreement (plus Taxes). The Customer shall pay Hydro One the estimated Capital Contribution(s) in the manner specified in Schedule "B" of the Agreement.

Within 180 calendar days after the Ready for Service Date, Hydro One shall provide the Customer with a new Schedule "B" to replace Schedule "B" of the Agreement attached hereto which shall identify the following:

- (i) the actual Engineering and Construction Cost of the Transformation Connection Pool Work;
- (ii) the actual Engineering and Construction Cost of the Line Connection Pool Work;
- (iii) the actual Engineering and Construction Cost of the Network Customer Allocated Work;
- (iv) the actual Engineering and Construction Cost of the Work Chargeable to Customer;
- (v) the actual Capital Contribution required to be paid by the Customer for each of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work; and
- (vi) the revised Transformation Connection Revenue and/or Line Connection Revenue requirements and/or Network Revenue requirements based on the Load Forecast or the Adjusted Load Forecast, whichever is applicable.

The new Schedule "B" shall be made a part hereof as though it had been originally incorporated into the Agreement.

If an estimate of a Capital Contributions paid by the Customer exceeds the actual Capital Contribution required to be paid by the Customer for any or all of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work, Hydro One shall refund the difference to the Customer (plus Taxes) within 30 days following the issuing of the new Schedule "B". If the estimate of a Capital Contribution paid by the Customer is less than the actual Capital Contributions required to be paid by the Customer for any or all of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work, the Customer shall pay Hydro One the difference (plus Taxes) within 30 days following the issuing of the new Schedule "B".

10.2 Hydro One shall not include the following amounts in the Capital Contributions referenced in Section 10.1, any capital contribution for:

- (a) a Connection Facility that was otherwise planned by Hydro One except for advancement costs;

- (b) capacity added to a Connection Facility in anticipation of future load growth not attributable to the Customer; or
- (c) the construction of or modifications to Hydro One's Network Facilities that may be required to accommodate the New or Modified Connection other than Network Customer Allocated Work unless Hydro One has indicated in Schedule "A" of the Agreement that exceptional circumstances exist so as to reasonably require the Generator Customer to make a Capital Contribution.

10.3 Notwithstanding Sub-section 10.2(c) above, if Hydro One indicates in Schedule "A" of the Agreement that exceptional circumstances exist so as to reasonably require the Customer to make a Capital Contribution towards the Network Pool Work, Hydro One shall not, without the prior written consent of the Customer, refuse to commence or diligently perform the Network Pool Work pending direction from the OEB under section 6.3.5 of the *Transmission System Code* provided that the Customer provides Hydro One with a security deposit in accordance with Section 19 of these Standard Terms and Conditions.

Until such time as Hydro One has actually begun to perform the Network Pool Work, the Customer may request, in writing, that Hydro One not perform the Network Pool Work and Hydro One shall promptly return to the Customer any outstanding security deposit related to the Network Pool Work.

10.4 If the Customer has made a Capital Contribution under Section 10.1 hereof and where this Capital Contribution includes the cost of capacity on the Connection Facility not needed by the Customer as indicated in Schedule "B" of the Agreement, Hydro One shall provide the Customer with a refund, calculated in accordance with Section 6.2.25 of the *Transmission System Code* if that capacity is assigned to another Load Customer within five (5) years of the In Service Date.

11. Hydro One shall perform a True-Up, based on Actual Load:

- (a) at the True-Up Points specified in Schedule "A" of the Agreement; and
- (b) the time of disconnection where the Customer voluntarily and permanently disconnects the Customer's Facilities from Hydro One's transmission facilities and the prior to the final True-Up Point identified in (a) above.

For True-Up purposes, if the Customer does not pay a Capital Contribution, Hydro One shall provide the Customer with an Adjusted Load Forecast.

Hydro One shall perform True-Ups in a timely manner. Within 30 calendar days following completion of each of the True-Ups referred to in 11(a), Hydro One shall provide the Customer with the results of the True-Up.

12(a) If the result of a True-Up performed in accordance with Section 11 above is that the Actual Load and Updated Load Forecast is:

- (i) less than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore does not generate the forecasted Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue required for the Economic Evaluation Period, the Customer shall pay Hydro One an amount equal to the shortfall adjusted to reflect the time value of money within 30 days after the date of Hydro One's invoice therefor; and
- (ii) more than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore generates more than the forecasted Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue required for the Economic Evaluation Period, Hydro One shall post the excess Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue as a credit to the Customer in a notional account. Hydro One shall apply this credit against any shortfall in subsequent True-Up calculations. Where the Customer paid a Capital Contribution in accordance with Section 10.1 hereof, Hydro One shall rebate the Customer an amount that is the lesser of the credit balance in the notional account adjusted to reflect the time value of money, and the Capital Contribution adjusted to reflect the time value of money by no later than 30 days following the final True-Up calculation.

12(b) All adjustments to reflect the time value of money to be performed under Subsection 12(a) above shall be performed in accordance with the OEB-Approved Connection Procedures. As of the date of this Agreement, the time value of money is determined using Hydro One's after-tax cost of capital as used in the original economic evaluation performed in accordance with the requirements of the *Transmission System Code*.

13.1 With respect to the installation of embedded generation (as determined in accordance with Section 11.1 of the *Transmission System Code*) during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.8 of the *Transmission System Code* when carrying out True-Up calculations if the Customer is a Distributor or the requirements of Section 6.5.9 of the *Transmission System Code* when carrying out True-Up calculations if the Customer is a Load Customer other than a Distributor.

13.2 With respect to energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.10 of the *Transmission System Code* when carrying out True-Up calculations provided that the Customer demonstrates to the reasonable satisfaction of Hydro One (such as by means of an energy study or audit) that the amount of any reduction in the Customer's load has resulted from energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period.

14.1 Hydro One shall provide the Customer with all information pertaining to the calculation of all Engineering and Construction Costs, Capital Contributions and True-Ups that the Customer is entitled to receive in accordance with the requirements of the *Transmission System Code*.

14.2(a) If any provisions of this Part B are inconsistent with the *Transmission System Code* dated July 25, 2005 the said provision shall be deemed to be amended so as to comply with the *Transmission System Code* dated July 25, 2005;

(b) If any provisions of this Part B are inconsistent with the OEB's Compliance Bulletin 200606 dated September 11, 2006, the said provision shall be deemed to be amended so as to comply with the OEB's Compliance Bulletin 200606 dated September 11, 2006 as it may be amended, modified or clarified by the OEB; and

(c) notwithstanding subsection (b) above, if the OEB does not permit the recovery of the Pool Funded Cost of Network Customer Allocated Work using Network Revenue, the Customer agrees to pay Hydro One the Engineering and Construction Cost (plus Taxes) of the Hydro One Connection Work described as Network Customer Allocated Work in Schedule "A" of the Agreement in accordance with the invoice rendered by Hydro One for same.

Part C: Network Pool Work, Work Chargeable to Customer and Premium Costs

15.1. The Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Hydro One Connection Work described as:

Work Chargeable to Customer in Schedule "A" of the Agreement which is estimated to be the amounts specified in Schedule "B" of the Agreement in the manner specified in Schedule "B" of the Agreement.

Hydro One shall identify the actual Engineering and Construction Cost of the Work Chargeable to Customer

in the revised Schedule "B" provided to the Customer in accordance with Section 10.1 of this Agreement. Any difference between the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes) and the amount already paid by the Customer shall be paid within 30 days after the issuance of the revised Schedule "B" by:

- (a) Hydro One to the Customer, if the amount already paid by the Customer exceeds the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes); or
- (b) the Customer to Hydro One, if the amount already paid by the Customer is less than the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes).

15.2 Subject to Sections 10.3 and 17 hereof, Hydro One shall perform the Hydro One Connection Work described as Network Pool Work in Part 3 of Schedule "A" of the Agreement at Hydro One's sole expense.

16. As the Project is schedule-driven and as the estimated costs specified in Schedule "B" of the Agreement are based upon normal timelines for delivery of material and performance of work, in addition to the amounts that the Customer is required to pay pursuant to Section 10.1 and 15.1 above, the Customer agrees to pay Hydro One's Premium Costs if the Customer causes or contributes to any delays, including, but not limited to, the Customer failing to execute the Agreement by the Execution Date specified in Schedule "A" of the Agreement.

Hydro One shall obtain the Customer's approval prior to Hydro One authorizing the purchase of materials or the performance of work that attracts Premium Costs. The Customer acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One shall not be liable to the Customer as a result thereof. Hydro One shall invoice the Customer for expenditures of Premium Costs approved by the Customer within 180 calendar days after the Ready for Service Date.

Part D: Cancellation or Termination of Project and Early Termination of Agreement for Breach

17. Notwithstanding any other term of the Agreement, if at any time prior to the In-Service Date, the Project is cancelled or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Line Connection Pool Work, the Transformation Connection Pool Work, the Network Pool Work, the Network Customer Allocated Work and the Work Chargeable to Customer incurred on and prior to the date that the Project is cancelled or the Agreement is

terminated, including the preliminary design costs and all costs associated with the winding up of the Project, including, but not limited to, storage costs, vendor cancellation costs, facility removal expenses and any environmental remediation costs.

If the Customer provides written notice to Hydro One that it is cancelling the Project, Hydro One shall have 10 Business Days to provide written notice to the Customer listing the individual items listed as materials which it agrees to purchase. Hydro One shall deduct the actual cost of those individual items of materials being purchased by Hydro One from the Engineering and Construction Costs referred to above.

If Hydro One does not require all or part of the materials, the Customer may exercise any of the following options or a combination thereof:

- (i) where materials have been ordered but all or part of the materials have not been received by Hydro One, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to continue with the purchase of the materials and transfer title to those materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination or cancellation; or
- (ii) where all or part of the materials have been received by Hydro One but have not been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to transfer title to the materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination or cancellation. The Customer shall also be responsible for any warehousing costs associated with the storage of the materials to the date of transfer; or
- (iii) where all or part of the materials have been received by Hydro One and have been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to: transfer title to the materials on an "as is, where is basis" to the Customer upon the later of (A) the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes); and (B) the date that Hydro One removes the materials from its property at the risk of the Customer; provided that the Customer exercises this option within 15 Business Days of the termination or cancellation. The Customer shall also be responsible for any Engineering and Construction Costs (plus Taxes) associated with the removal of the materials that have been installed by Hydro One.

The Customer shall pay Hydro One's Engineering and Construction Costs (plus Taxes) which become payable under this Section 17 within 30 calendar days after the date of invoice.

Part E: Sale, Lease, Transfer or Other Disposition of Customer's Facilities

18. In the event that the Customer sells, leases or otherwise transfers or disposes of the Customer's Facilities to a third party during the Term of the Agreement, the Customer shall cause the purchaser, lessee or other third party to whom the Customer's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Customer's obligations in the Agreement; and notwithstanding such assumption agreement unless Hydro One agrees otherwise, in writing, the Customer shall remain obligated under Sections 10.1, 12, 15.1 and 16 hereof. The Customer further acknowledges and agrees that in the event that all or a portion of the Customer's Facilities are shut down, abandoned or vacated for any period of time during the Term of the Agreement, the Customer shall remain obligated under Sections 10.1, 12, 15.1 and 16 for the said time period.

Part F: Security Requirements

19. If Hydro One requires that the Customer furnish security, which at the Customer's option may be in the form of cash, letter of credit or surety bond, the Customer shall furnish such security in the amount and by the dates specified in Schedule "A" of the Agreement. Hydro One shall return the security deposit to the Customer as follows:

- (i) security deposits in the form of cash shall be returned to the Customer, together with Interest, less the amount of any Capital Contribution owed by the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities; and
- (ii) security deposits in any other form shall be returned to the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities and any Capital Contribution has been paid.

Notwithstanding the foregoing, Hydro One may keep all or a part of the security deposit: (a) where and to the extent that the Customer fails to pay any amount due under the Agreement within the time stipulated for payment; or (b) in the circumstances described in the OEB-Approved Connection Procedures.

Part G: Disputes and the Ontario Energy Board

20. Prior to the existence of OEB-Approved Connection Procedures either party may refer a Dispute

to the OEB for a determination. Once there are OEB-Approved Connection Procedures, Disputes shall be dealt with in accordance with the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

21. Before and after the existence of OEB-Approved Connection Procedures, if a Dispute arises while Hydro One is constructing the New or Modified Connection Facilities, Hydro One shall not cease the work or slow the pace of the work without leave of the OEB.

Part H: Easement

22. If specified in Schedule "A" that an easement(s) is required from the Customer, the Customer shall grant an easement to Hydro One substantially in the form of the easement attached hereto as Appendix "B" of these Standard Terms and Conditions for the property(ies) described as the Easement Lands in Schedule "A" on or before the date specified as the Easement Date in Schedule "A" (hereinafter referred to as the "Easement") with good and marketable title thereto, free of all encumbrances, first in priority except as noted herein, and in registerable form, in consideration of the sum of \$2.00.

Part I: Events of Default

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

- (a) failure by the Customer to pay any amount due under the Agreement, including any amount payable pursuant to Sections 10.1, 12, 15.1, 16 or 17 within the time stipulated for payment;
- (b) breach by the Customer or Hydro One of any Material term, condition or covenant of the Agreement; or
- (c) the making of an order or resolution for the winding up of the Customer or Hydro One or of their respective operations or the occurrence of any other dissolution, bankruptcy or reorganization or liquidation proceeding instituted by or against the Customer or Hydro One.

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

24. Upon the occurrence of an Event of Default by the Customer hereunder (other than those specified in Section 23(c) of the Agreement, for which no notice is required to be given by Hydro One), Hydro One shall

give the Customer written notice of the Event of Default and allow the Customer 30 calendar days from the date of receipt of the notice to rectify the Event of Default, at the Customer's sole expense. If such Event of Default is not cured to Hydro One's reasonable satisfaction within the 30 calendar day period, Hydro One may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to Hydro One under the terms of the Agreement, at common law or in equity: deem the Agreement to be repudiated and, after giving the Customer at least 10 calendar days' prior written notice thereof, recover, as liquidated damages and not as a penalty, the following:

- (i) the sum of the amounts payable by the Customer pursuant to Sections 10.1, 12, 15.1 and where applicable, Section 16 less any amounts already paid by the Customer in accordance with Section 10.1, 12, 15.1 and 16 if this clause is invoked after the In-Service Date; or
- (ii) the amounts payable under Section 16 and 17 less any amounts already paid by the Customer in accordance with Sections 10.1, 15.1 and 16 if this clause is invoked prior to the In-Service Date.

25. Upon the occurrence of an Event of Default by Hydro One hereunder (other than those specified in Section 23(c), the Customer shall give Hydro One written notice of the Event of Default and shall allow Hydro One 30 calendar days from the date of receipt of the notice to rectify the Event of Default at Hydro One's sole expense. If such Event of Default is not cured to the Customer's reasonable satisfaction within the 30 calendar day period, the Customer may pursue any remedies available to it at law or in equity, including at its option the termination of the Agreement.

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

Part J: Capital Contributions, Existing Load Facility Requirements and Changes to Transmission Rates

27. Capital Contributions paid by the Customer under the terms of the Agreement and any Transformation Connection Revenue, Line Connection Revenue and Network Revenue requirements shall be subject to adjustment by Hydro One, with such adjustment to be solely based on the economic evaluation procedure approved by the OEB, if the OEB requires the changes to the economic evaluation procedure to be applied retroactively to Customers who entered into Connection and Cost Recovery Agreements with Hydro One on or after July 25, 2005.

28. In the event that there is an inconsistency with the *Transmission System Code* dated July 25, 2005 or the OEB-Approved Connection Procedures in respect of the methodology used in deriving the data in the Existing Load Table in Schedule "A" of the Agreement, the data in the Existing Load Table will be subject to adjustment by Hydro One with such adjustment to be solely based on the *Transmission System Code* dated July 25, 2005 and the OEB-Approved Connection Procedures.

29. In the event that the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate is rescinded or the methodology of determination or components is materially changed, the Parties agree to negotiate a new mechanism for the purposes of the Agreement, provided that such new mechanism will not result in an increase in the amounts of Capital Contribution or Security Deposits payable by the Customer to Hydro One hereunder. The Parties shall have 90 calendar days from the effective date of rescission or fundamental change of the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate to agree to a new mechanism. If the Parties are unable to successfully negotiate a replacement within that 90 calendar day period, they shall submit to arbitration, in accordance with the requirements of the *Transmission System Code* (or the *Connection Agreement*); or if there is no arbitration provision in the *Transmission System Code* (or the *Connection Agreement*), to the requirements of the *Arbitration Act, 1991* (Ontario), as amended, to settle on a new mechanism. The decision of the arbitrator shall be binding on each party with no right of appeal.

The terms of reference of the arbitration shall be to identify a new mechanism that is, to the extent possible, fair to the parties and constitutes a reasonably comparable replacement for the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate.

Any settlement on a new mechanism pursuant to this Section 29 shall apply retroactively from the date on which the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate was rescinded or fundamentally changed. Until

such time as a new mechanism is determined hereunder, any amounts to be paid by the Customer under the Agreement shall be based on the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate in effect prior to the effective date of any such changes.

Part K: Incorporation of Liability and Force Majeure Provisions

30. PART III: LIABILITY AND FORCE MAJEURE (with the exception of Section 15.5 thereof) and Sections 1.1.12 and 1.1.17 of the Connection Agreement are hereby incorporated in their entirety by reference into, and form an integral part of the Agreement. Unless the context otherwise requires, all references in PART III: LIABILITY AND FORCE MAJEURE TO “this Agreement” shall be deemed to be a reference to the Agreement and all references to the “the Transmitter” shall be deemed to be a reference to Hydro One.

For the purposes of this Section 30, the Parties agree that the reference to:

- (i) the Transmitter in lines 3 and 4 of Section 15.1 means the Transmitter or any party acting on behalf of the Transmitter such as contractors, subcontractors, suppliers, employees and agents; and
- (ii) the Customer in lines 3 and 4 of Section 15.2 means the Customer or any party acting on behalf of the Customer such as contractors, subcontractors, suppliers, employees and agents.

Part L: General

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

32. Other than as specifically provided in the Agreement, no amendment, modification or supplement to the Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of the Agreement.

33. Any written notice required by the Agreement shall be deemed properly given only if either mailed or delivered to the Secretary, Hydro One Networks Inc., 483 Bay Street, North Tower, 15th Floor, Toronto, Ontario M5G 2P5, fax no: (416) 345-6240 on behalf of Hydro One, and to the person at the address specified in Schedule “A” of the Agreement on behalf of the Customer.

A faxed notice shall be deemed to be received on the date of the fax if received before 3 p.m. on a business day or on the next business day if received after 3 p.m. or a day that is not a business day. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either party by written notice.

34. The Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein, and, subject to Section 20 and 29, the courts of Ontario shall have exclusive jurisdiction to determine all disputes arising out of the Agreement.

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

36. The Customer shall provide Hydro One with a copy of the Customer’s final monthly bills associated with the transmission of electricity from the Existing Load Facilities and/or the Customer’s Facilities or authorize the IESO to provide Hydro One with same. Hydro One agrees to use this information solely for the purpose of the Agreement.

37. **Invoices and Interest:** Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including, but not limited to amounts that are not invoiced but required under the terms of this Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

38. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 10.1, 12, 15.1, 16 or 17 shall survive the termination of the Agreement.

39. **Notification Requirement:** The Customer agrees to notify Hydro One, in writing, if the Customer intends to reduce the Average Monthly Peak Load specified in the Existing Load table in Schedule “B” of the Agreement at an Existing Load Facility by no later than 30 days prior to the reduction. Hydro One will

acknowledge receipt of the Customer's notice and in accordance with the requirements of the *Transmission System Code*, notify all other load customers served by the affected Existing Load Facility and where required, the OEB. Furthermore, the Customer agrees that this Section 39 shall be a term of the Connection Agreement.

Appendix “A”: Definitions

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

“**Actual Load**” means the actual load delivered by Hydro One to the Customer up to the True-Up Point in excess of the Normal Capacity of the Existing Load Facilities.

“**Assigned Capacity**” is calculated in accordance with Section 6.2.2 of the *Transmission System Code*.

“**Adjusted Load Forecast**” means a Load Forecast that has been adjusted to the point where the present value of the Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue equals the present value of the Pool Funded Cost of the Transformation Connection Pool Work and/or the Pool Funded Cost of the Line Connection Pool Work and/or the Pool Funded Cost of the Network Customer Allocated Work.

“**Agreement**” means the Connection Cost Recovery Agreement, Schedules “A” and “B” attached thereto and these Standard Terms and Conditions.

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

“**Approval Date**” means for the purpose of Subsection 5(f) of the Terms and Conditions, the date specified in Schedule “A” of the Agreement.

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

“**Connect and Connection**” has the same meaning ascribed to the term “Connect” in the *Transmission System Code*.

“**Connection Agreement**” means the form of connection agreement appended to the *Transmission System Code* as Appendix 1, Version 1.

“**Connection Facilities**” has the meaning set forth in the *Transmission System Code*.

“**Connection Point**” has the meaning set forth in the *Transmission System Code* and for this project, is as specified in Schedule “A” of the Agreement.

“**Customer Connection Work**” means the work to be performed by the Customer, at its sole expense, which is described in Schedule “A” of the Agreement.

“**Customer Connection Risk Classification**” is as specified in Schedule “A” of the Agreement.

“**Customer’s Facilities**” has the meaning set forth in the *Transmission System Code*, and includes, but is not limited to any new, modified or replaced Customer’s Facilities.

“**Customer’s Property(ies)**” means any lands owned by the Customer in fee simple or where the Customer has easement rights.

“**Dispute**” means a dispute between the Parties with respect to any of the matters listed in Section 6.1.4 of the *Transmission System Code* where either Party is alleging that the other is seeking to impose a term that is inconsistent or contrary to the *Ontario Energy Board Act*, the *Electricity Act, 1998*, Hydro One’s transmission licence or the *Transmission System Code* or refusing to include a term or condition that is required to give effect to the Code.

“**Distributor**” has the meaning set forth in the *Transmission System Code*.

“**Economic Evaluation Period**” means the period of five (5) years for high risk connection, ten (10) years for a medium-high risk connection, fifteen (15) years for a medium-low risk connection and twenty-five years for a low risk connection commencing on the In Service Date whichever is applicable to the Customer as specified in Schedule “A” of the Agreement.

“**Engineering and Construction Cost**” means Hydro One’s charge for equipment, labour and materials at Hydro One’s standard rates plus Hydro One’s standard overheads as well as interest during construction using Hydro One’s capitalization rate in effect during the construction period.

“**Electricity Act, 1998**” means the *Electricity Act, 1998* being Schedule “A” of the *Energy Competition Act, S.O. 1998, c.15*, as amended.

“**Existing Load**” in relation to the Customer and each of the Existing Load Facilities is equal to the Customer’s Assigned Capacity at each of the Existing Load Facilities on the date of this Agreement.

“**Existing Load Facility or Existing Load Facilities**” means the connection facility(ies) owned by Hydro One

as specified in the Existing Load Table in Schedule “A” of the Agreement where the Customer has Existing Load.

“**Force Majeure Event**” has the meaning ascribed thereto in the Connection Agreement.

“**GST**” means the Goods and Services Tax.

“**Hydro One Connection Work**” means the work to be performed by Hydro One, which is described in Schedule “A” of the Agreement.

“**Hydro One Facilities**” means Hydro One’s structures, lines, transformers, breakers, disconnect switches, buses, voltage/current transformers, protection systems, telecommunication systems, cables and any other auxiliary equipment used for the purpose of transmitting electricity.

“**Hydro One’s Property(ies)**” means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

“**IESO**” means the Independent Electricity System Operator continued under the *Electricity Act, 1998*.

“**In Service Date**” has the same meaning ascribed to the term “comes into service” in the *Transmission System Code*.

“**Incremental Network Load**” means the Customer’s New Load less the amount of load, if any, that has been bypassed by the Customer at any of Hydro One’s connection facilities.

“**Interest**” means the interest rates specified by the OEB to be applicable to security deposits in the form of cash as specified in Subsection 6.3.11(b) in the *Transmission System Code*.

“**Line Connection Pool Work**” means the Hydro One Connection Work specified in Schedule “A” of the Agreement under the heading “Line Connection Pool Work”.

“**Line Connection Revenue**” means the amount of line connection revenue attributable to that part of the Customer’s New Load to be received by Hydro One through the monthly collection of the Line Connection Service Rate during the Economic Evaluation Period.

“**Line Connection Service Rate**” means the line connection service rate approved by the OEB in Hydro One’s Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

“**Load Customer**” has the meaning set forth in the *Transmission System Code*.

“**Load Forecast**” means the initial load forecast of the New Load in excess of the Normal Capacity of the Existing Load Facilities used in the initial economic evaluation for the Economic Evaluation Period.

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

“**Network Customer Allocated Work**” means the construction of or modifications to Network Facilities specified in Schedule “A” of the Agreement under the heading “Network Customer Allocated Work” that are minimum connection requirements and as such, are to be allocated to the Customer in accordance with OEB’s Compliance Bulletin 200606, as it may be amended or replaced from time to time.

“**Network Facilities**” has the meaning set forth in the *Transmission System Code*.

“**Network Pool Work**” means the Hydro One Connection Work specified in Schedule “A” of the Agreement under the heading “Network Pool Work”.

“**Network Revenue**” means the amount of network revenue attributable to the Incremental Network Load to be received by Hydro One through the monthly collection of the Network Service Rate during the Economic Evaluation Period.

“**Network Service Rate**” means the network service rate approved by the OEB in Hydro One’s Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

“**New Load**” means the load at the New or Modified Connection Facility that is in excess of, for each of the Existing Load Facilities, the lesser of the Existing Load or the Normal Capacity.

“**New or Modified Connection Facilities**” means the facilities owned by Hydro One as specified in Schedule “A” of the Agreement.

“**Normal Capacity**” means, where the Customer is:

- (a) the only Load Customer supplied by an Existing Load Facility, the total normal supply capacity of the Existing Load Facility as determined in accordance with the OEB-Approved Connection Procedures; and
- (b) one of two or more Load Customers served by an Existing Load Facility, the Customer’s pro-rated share of the total normal supply capacity of the Existing Load Facility as determined in accordance with the OEB-Approved Connection Procedures.

“**OEB**” means the Ontario Energy Board.

“OEB-Approved Connection Procedures” means Hydro One’s connection procedures as approved by the OEB.

“Ontario Energy Board Act” means the *Ontario Energy Board Act* being Schedule “B” of the *Energy Competition Act*, S.O. 1998, c. 15, as amended.

“Pool-Funded Cost” means the present value of the Engineering and Construction Cost and projected on-going maintenance and other related incremental costs (including, but not limited to applicable taxes, and net of tax benefits), of each of the Transformation Connection Pool Work, the Line Connection Pool Work and/or the Network Customer Allocated Work calculated in accordance with the principles, criteria and methodology set out in Appendices 4 and 5 of the Transmission System Code.

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

“Rate Order” has the meaning ascribed thereto in the *Transmission System Code*.

“Ready for Service Date” means the date upon which the Hydro One Connection Work is fully and completely constructed, installed, commissioned and energised to the Connection Point. The Customer’s disconnect switches must be commissioned prior to this date in order to use them as isolation points.

“Standard Terms and Conditions” means these Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects and Appendices “A” and “B” attached hereto.

“Taxes” means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

“Transformation Connection Pool Work” means the Hydro One Connection Work specified in Schedule “A” of the Agreement under the heading “Transformation Connection Pool Work”.

“Transformation Connection Revenue” means the amount of transformation connection revenue attributable to that part of the Customer’s New Load to be received by Hydro One through the monthly collection of the Transformation Connection Service Rate during the Economic Evaluation Period.

“Transformation Connection Service Rate” means the line connection service rate approved by the OEB in Hydro One’s Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

“Transmission System Code” or “Code” means the code of standards and requirements issued by the OEB on July 25, 2005 that came into force on August 20, 2005 as published in the Ontario Gazette, as it may be amended, revised or replaced in whole or in part from time to time.

“Transmitter’s Facilities” has the meaning ascribed thereto in the *Transmission System Code*.

“True-Up” means the calculation to be performed by Hydro One, as a transmitter, at each True-Up Point in accordance with the requirements of Subsection 6.5.4 of the *Transmission System Code*.

“True-Up Point” means the points of time based upon the Customer Connection Risk Classification when Hydro One is required to perform a True-Up as described in Section 11 of these Terms and Conditions.

“Updated Load Forecast” means the load forecast of the New Load in excess of the Normal Capacity of the Existing Load Facilities for the remainder of the Economic Evaluation Period.

“Work Chargeable to Customer” means the Hydro One Connection Work specified in Part 4 of Schedule “A” of the Agreement under the heading “Work Chargeable to Customer”.

Appendix "B": Form of Easement

INTEREST / ESTATE TRANSFERRED

The Transferor is the owner in fee simple and in possession of _____
_____ (the "**Lands**").

The Transferee has erected, or is about to erect, certain Works (as more particularly described in paragraph 1(a) hereof) in, through, under, over, across, along and upon the Lands.

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

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

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

6. The burden and benefit of this transfer of Rights shall run with the Strip and the Works and undertaking of the Transferee and shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Transferor has hereunto set his hand and seal to this Agreement, this ____ day of _____, 200__.

SIGNED, SEALED AND DELIVERED

In the presence of)	
)	_____)
_____ (seal))	Transferor's Signature
Signature of Witness)	
)	
)	
_____))	_____ (seal)
Signature of Witness)	Transferor's Signature

SIGNED, SEALED AND DELIVERED)	
In the presence of)	Consent Signature & Release of
)	Transferor's Spouse, if non-owner.
)	
)	
_____))	_____ (seal)
Signature of Witness)	

CHARGEES

THE CHARGEES of land described in a Charge/Mortgage of Land dated _____

Between _____ and _____

and registered as Instrument Number _____ on _____ does

hereby consent to this Easement and releases and discharges the rights and easement herein from the said

Charge/Mortgage of Land.

Name	Signature(s)	Date of Signatures
		Y M D

Per:

I/We have authority to bind the Corporation