

**FORM OF CONNECTION AGREEMENT FOR A SMALL EMBEDDED
GENERATION FACILITY OR A MID-SIZED EMBEDDED GENERATION
FACILITY**

This Connection Agreement is made this ____ day of _____.

BETWEEN

Bluewater Power Distribution Corporation, (the “Distributor”)

AND

_____, (the “Customer”)

(each a “Party” and collectively the “Parties”)

RECITALS

WHEREAS the Distributor is the owner of the distribution system serving the service area described in electricity distribution licence number ED-2002-0517 (the “Licence”) issued by the Ontario Energy Board (the “Board”) (the "Distributor’s distribution system").

AND WHEREAS the Customer owns or operates an embedded generation facility that is located in the Distributor’s licensed service area (the "Facility").

AND WHEREAS the Customer has connected or wishes to connect its Facility to the Distributor’s distribution system and the Distributor has connected or has agreed to connect the Facility to the Distributor’s distribution system.

AND WHEREAS the Distributor has previously reviewed and accepted the Customer’s application to connect, in the form of a Connection Impact Assessment, and related materials that were submitted to the Distributor in accordance with the process set out in the Distribution System Code (the "Code") (altogether, the "Application") and the Distributor and the Customer have signed a connection cost agreement, in the form of an Offer to Connect, (both of which are attached to this Agreement as Schedule A).

AND WHEREAS in accordance with its Licence and the Code, the Distributor has agreed to offer, and the Customer has agreed to accept, distribution service in relation to the Facility.

NOW THEREFORE in consideration of the foregoing, and of the mutual covenants, agreements, terms and conditions herein contained, the Parties, intending to be legally bound, hereby agree as follows:

1. Definitions and Schedules

1.1 Words and phrases contained in this Agreement (whether capitalized or not) that are not defined in this Agreement have the meanings given to them in the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, any regulations made under either of those *Acts*, or the Code.

1.2 The following schedules form part of this Agreement:

Schedule A – Application and Connection Cost Agreement (recitals)

Schedule B – Single Line Diagram, Connection Point and Location of Facilities (section 2.3)

Schedule C – List of Other Contracts (section 3.4)

Schedule D – Technical and Operating Requirements (section 4.1(d))

Schedule E – Billing and Settlement Procedures (section 5.3)

Schedule F – Contacts for Notice (section 12.1)

Schedule G – Dispute Resolution (section 16.1)

Schedule H – Provisions Applicable if Facility Financed by a Lender (sections 19.3, 20.3 and 21.1)

Where a schedule is to be completed by the Parties, the Parties may not include in that schedule a provision that would be contrary to or inconsistent with the Code or the remainder of this Agreement.

2. Type of Facility and Customer

2.1 The Facility has a name-plate rated capacity of:

[Parties to check the applicable box below]

more than 12 kW and:

(a) up to and including 500 kW, if the Facility is or will be connected to a less than 15 kV line; or

(b) up to and including 1 MW, if the Facility is or will be connected to a 15 kV or greater line

(in which case the Facility is a “Small Embedded Generation Facility”)

10 MW or less and:

(a) more than 500 kW, if the Facility is or will be connected to a less than 15 kV line; or

- (b) more than 1 MW, if the Facility is or will be connected to a 15 kV or greater line

(in which case the Facility is a “Mid-sized Embedded Generation Facility”)

2.2 The Facility is or will be connected:

[Parties to check the applicable box(es) below]

- directly to the Distributor’s distribution system
- on the load customer side of a connection point to the Distributor’s distribution system
 - the load customer is the same as the Customer
 - the load customer is: _____

2.3 Schedule B sets out the following:

- (a) a single line diagram of the Facility;
- (b) a list of the facilities of one Party that are on the property of the other Party; and
- (c) a diagram of the metering installations applicable to the Facility.

2.4 The Customer:

[Parties to check the applicable box(es) below]

- intends to:
 - sell output from the Facility to the Ontario Power Authority and has entered into an agreement with the Ontario Power Authority for that purpose
 - deliver and sell output from the Facility to the Distributor (in which case the Customer is an “Embedded Retail Generator”)
- does not intend to sell any of the output of the Facility to the Ontario Power Authority or the Distributor

3. Incorporation of Code and Application of Conditions of Service and Other Contracts

3.1 The Code, as it may be amended from time to time, is hereby incorporated in its entirety by reference into, and forms part of, this Agreement. Unless the context otherwise requires, all references to “this Agreement” include a reference to the Code.

- 3.2 The Distributor hereby agrees to be bound by and at all times to comply with the Code, and the Customer acknowledges and agrees that the Distributor is bound at all times to comply with the Code in addition to complying with the provisions of this Agreement.
- 3.3 In addition to this Agreement, the relationship between the Distributor and the Customer will be governed by the Distributor's Conditions of Service that are in effect at the relevant time. In the event of a conflict or an inconsistency between a provision of this Agreement and a provision of the Distributor's Conditions of Service, the provision of this Agreement shall govern.
- 3.4 The Distributor may require or may have already required the Customer to enter into one or more of the other contracts listed in Schedule C. In the event of a conflict or an inconsistency between a provision of the Code or this Agreement and a provision of such other contract, the provision of the Code or this Agreement shall govern.

4. Facility Standards

- 4.1 The Customer shall ensure that the Facility:
- (a) meets all applicable requirements of the Electrical Safety Authority ("ESA");
 - (b) conforms to all applicable industry standards including, but not limited to, those of the Canadian Standards Association ("CSA"), the Institute of Electrical and Electronic Engineers, the American National Standards Institute and the International Electrotechnical Commission;
 - (c) is installed, constructed, operated and maintained in accordance with this Agreement, the Distributor's offer to connect, the requirements of the ESA, the connection cost agreement, all applicable reliability standards and good utility practice; and
 - (d) meets the technical and operating requirements set out in Schedule D. These requirements shall not exceed any technical or operating requirements set out in the Code unless the Customer agrees.

5. Charges, Settlement and Billing

- 5.1 The Customer shall pay the Distributor such charges as may be approved by the Board in relation to the connection of, and the provision of distribution service to the Facility.
- 5.2 The Customer agrees to the following in relation to settlement for the output of the Facility:

[Parties to check the applicable box below]

- if the Customer is not an Embedded Retail Generator (see section 2.4)

the Distributor will not pay the Customer for any excess generation that results in a net delivery to the Distributor between meter reads and there will be no carryover of excess generation from one billing period to the next unless the Customer is at the relevant time a net metered generator

- if the Customer is an Embedded Retail Generator (see section 2.4) the Distributor will settle all applicable payments and charges in accordance with the Retail Settlement Code

5.3 Billing and settlement activities will be conducted in accordance with the procedures set out in Schedule E.

6. Representations and Warranties

6.1 The Customer represents and warrants to the Distributor as follows, and acknowledges that the Distributor is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) the Facility is fully and accurately described in the Application;
- (b) all information in the Application is true and correct;
- (c) the Facility is in compliance with all applicable technical requirements and laws;
- (d) the Customer has been given warranty information and operation manuals for the Facility;
- (e) the Customer has been adequately instructed in the operation and maintenance of the Facility and the Customer has developed and implemented an operation and maintenance plan based on those instructions;
- (f) if the Customer is a corporation or other form of business entity, the Customer is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
- (g) the Customer has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (h) this Agreement constitutes a legal and binding obligation on the Customer, enforceable against the Customer in accordance with its terms;
- (i) all permits, licences and other authorizations necessary to enable the ownership and operation of the Facility have been obtained; and
- (j) any individual signing this Agreement on behalf of the Customer has been duly authorized by the Customer to sign this Agreement and has the full power and authority to bind the Customer.

6.2 The Distributor represents and warrants to the Customer as follows, and acknowledges that the Customer is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) the Distributor is duly incorporated under the laws of Ontario;
- (b) the Distributor has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (c) this Agreement constitutes a legal and binding obligation on the Distributor, enforceable against the Distributor in accordance with its terms; and
- (d) any individual signing this Agreement on behalf of the Distributor has been duly authorized by the Distributor to sign this Agreement and has the full power and authority to bind the Distributor.

7. Disconnection Device at the Point of Connection

7.1 The Customer shall furnish and install a disconnection switch at the point of connection for the Facility that opens, with a visual break, all ungrounded poles of the connection circuit. The disconnection switch at the point of connection shall be rated for the voltage, current and fault current interrupting requirements of the Facility, and shall meet all applicable CSA standards, ESA requirements, and all other applicable laws. The switch enclosure, if applicable, shall be properly grounded. The disconnection switch at the point of connection shall be accessible at all times, located for ease of access to the Distributor’s personnel, and shall be capable of being locked in the open position. The Customer shall follow the Distributor’s procedures for switching, clearance, tagging, and locking.

8. Modifications to the Facility

8.1 The Customer shall not modify its connection assets or the Facility except in accordance with this section. Where the modification will not increase the maximum electrical output of the Facility, the Customer shall give the Distributor no less than 15 working days notice prior to the date on which the modification will be completed. Where the modification will increase the maximum electrical output of the Facility, the Customer shall submit a new application for connection to the Distributor. The Distributor shall process that application for connection in accordance with the Code. The Customer shall not commence such modification until that process has been completed.

9. Insurance

9.1 Throughout the term of this Agreement, the Customer shall carry commercial general liability insurance for third party bodily injury, personal injury, and property damage in an amount as follows:

[Parties to check the applicable box below]

if the Facility is a Small Embedded Generation Facility (see section 2.1) not less than \$1,000,000 per occurrence and in the annual aggregate

if the Facility is a Mid-sized Embedded Generation Facility (see section 2.1) not less than \$2,000,000 per occurrence and in the annual aggregate

Prior to execution of this Agreement, the Customer shall provide the Distributor with a valid certificate of insurance. The Customer shall provide the Distributor with prompt notice of any cancellation of the Customer's insurance by the insurer.

10. Liability and Force Majeure

10.1 The liability provisions of section 2.2 of the Code apply to this Agreement and are hereby incorporated by reference into, and form part of, this Agreement.

- 10.2 A Party shall have a duty to mitigate any losses relating to any claim for indemnification from the other Party that may be made in relation to that other Party. Nothing in this section shall require the mitigating Party to mitigate or alleviate the effects of any strike, lockout, restrictive work practice or other labour dispute.
- 10.3 A Party shall give prompt notice to the other Party of any claim with respect to which indemnification is being or may be sought under this Agreement.
- 10.4 The force majeure provisions of section 2.3 of the Code apply to this Agreement and are hereby incorporated by reference into, and form part of, this Agreement.

11. Facility Commissioning and Testing

- 11.1 The Customer shall give the Distributor at least fifteen days advance written notice of the date(s) and time(s) on which the Facility will be commissioned and tested prior to connection. The Customer shall give the Distributor the same notice in relation to the commissioning and testing of any material modification to the Customer's connection assets or Facility that occurs after connection.
- 11.2 The Distributor shall have the right to witness the commissioning and testing activities referred to in section 11.1.

12. Notice

- 12.1 Any notice, demand, consent, request or other communication required or permitted to be given or made under or in relation to this Agreement shall be given or made: by courier or other personal form of delivery; by registered mail; by facsimile; or by electronic mail. Notices shall be addressed to the applicable representative of the Party identified in Schedule F.
- 12.2 A notice, demand, consent, request or other communication referred to in section 12.1 shall be deemed to have been made as follows:
- (a) where given or made by courier or other form of personal delivery, on the date of receipt;
 - (b) where given or made by registered mail, on the sixth day following the date of mailing;
 - (c) where given or made by facsimile, on the day and at the time of transmission as indicated on the sender's facsimile transmission report; and
 - (d) where given or made by electronic mail, on the day and at the time when the notice, demand, consent, request or other communication is recorded by the sender's electronic communications system as having been received at the electronic mail destination.

13. Access to Facility

- 13.1 Each Party shall ensure that its facilities are secured at all times.
- 13.2 The Customer shall permit and, if the land on which the Facility is located is not owned by Customer, cause such landowner to permit, the Distributor's employees and agents to enter the property on which the Facility is located at any reasonable time. Such access shall be provided for the purposes of inspecting and/or testing the Facility as and when permitted by this Agreement, the Code or the Distributor's Conditions of Service or as required to ensure the continued safe and satisfactory operation of the Facility, to ensure the accuracy of the Distributor's meters, to establish work protection, or to perform work.
- 13.3 Any inspecting and/or testing referred to in section 13.2 shall not relieve the Customer from its obligation to operate and maintain the Facility and any related equipment in a safe and satisfactory operating condition and in accordance with this Agreement.
- 13.4 The Distributor shall have the right to witness any testing done by the Customer of the Facility and, to that end, the Customer shall provide the Distributor with at least fifteen working days advance notice of the testing.
- 13.5 Notwithstanding section 10.1, where the Distributor causes damage to the Customer's property as part of this access, the Distributor shall pay to the Customer the Customer's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.
- 13.6 Notwithstanding section 10.1, if the Customer has been given access to the Distributor's property, and if the Customer causes damage to the Distributor's property as part of that access, the Customer shall pay to the Distributor the Distributor's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

14. Disconnection of Facility to Permit Maintenance and Repairs

- 14.1 If the Customer requests it, the Distributor will provide the Customer with reasonable notice of any planned equipment outages in the Distributor's distribution system that occur on or after the date of the Customer's request which will impact the Facility or its connection.
- 14.2 The Distributor will make reasonable efforts to ensure that the outages referred to in section 14.1 will be of minimal duration and cause minimal inconvenience to the Customer.
- 14.3 In connection with any planned equipment outage, either Party may disconnect or isolate, or require the disconnection or isolation of, its Facility or system (as applicable) from the other Party's Facility or system (as applicable) so that the employees, contractors or agents of the Party may construct, maintain, repair, replace, remove, investigate or inspect its respective Facility or system (as applicable) in accordance with the terms of this Agreement and good utility practice.

14.4 Where practical, the Customer shall notify the Distributor prior to temporarily isolating or disconnecting the Facility from the Distributor's distribution system.

15. Disconnection of Facility for Other Reasons

15.1 The Customer shall discontinue operation of the Facility and the Distributor may isolate or disconnect the Facility from the Distributor's distribution system, upon any of the following:

- (a) termination of this Agreement in accordance with section 19;
- (b) if the Customer's connection assets or the Facility are modified by the Customer in a manner contrary to section 8.1;
- (c) during an emergency or where necessary to prevent or minimize the effects of an emergency;
- (d) in accordance with section 31, 31.1 or 40(5) of the *Electricity Act, 1998*, other applicable law, the Code, the Distributor's Licence or the Distributor's Conditions of Service; or
- (e) where required to comply with a decision or order of an arbitrator or court made or given under Schedule G.

15.2 In the event of disconnection under section 15.1(b), the Facility shall remain isolated or disconnected from the Distributor's distribution system until the connection process referred to in section 8.1 has been completed.

15.3 In the event of disconnection under section 15.1(c), the Distributor shall reconnect, or permit the reconnection of, the Facility to the Distributor's distribution system when it is reasonably satisfied that the emergency has ceased and that all other requirements of this Agreement are met.

15.4 In the event of disconnection under section 15.1(d) or 15.1(e), the Distributor shall reconnect, or permit the reconnection of, the Facility to the Distributor's distribution system when the Distributor is reasonably satisfied that the reason for the disconnection no longer exists, the Customer agrees to pay all Board- approved reconnection costs charged by the Distributor, and the Distributor is reasonably satisfied of the following, where applicable:

- (a) the Customer has taken all necessary steps to prevent the circumstances that caused the disconnection from recurring and has delivered binding undertakings to the Distributor that such circumstances shall not recur; and
- (b) any decision or order of a court or arbitrator made or given under Schedule G that requires a Party to take action to ensure that such circumstances shall not recur has been implemented and/or assurances have been given to the satisfaction of the affected Party that such decision or order will be implemented.

15.5 Where the Facility has been isolated or disconnected, each Party shall be entitled to decommission and remove its assets associated with the connection. Each Party shall, for that purpose, ensure that the other Party has all necessary access to its site at all reasonable times.

- 15.6 The Customer shall continue to pay for distribution services provided up to the time of isolation or disconnection of its Facility.
- 15.7 The Customer shall pay all reasonable costs including, but not limited to, the costs of removing any of the Distributor's equipment from the Customer's site, that are directly attributable to the isolation or disconnection of the Facility and, where applicable, the subsequent decommissioning of the Facility. The Distributor shall not require the removal of the protection and control wiring on the Customer's site.
- 15.8 While the Facility is isolated or disconnected, the Distributor shall not be required to convey electricity to or from the Facility.

16. Dispute Resolution

- 16.1 Any dispute between the Customer and the Distributor arising under or in relation to this Agreement will be resolved in accordance with Schedule G. The Parties shall comply with the procedure set out in Schedule G before taking any civil or other proceeding in relation to the dispute, provided that nothing shall prevent a Party from seeking urgent or interlocutory relief from a court of competent jurisdiction in the Province of Ontario in relation to any dispute arising under or in relation to this Agreement.

17. Amendments

- 17.1. The Parties may not amend this Agreement without leave of the Board except where and to the extent permitted by this Agreement.
- 17.2. The Parties may by mutual agreement amend this Agreement to reflect changes that may from time to time be made to the Code during the term of this Agreement.
- 17.3. The Parties may by mutual agreement amend any portion of a schedule that was originally to be completed by the Parties.
- 17.4. No amendment made under section 17.2 or 17.3 shall be contrary to or inconsistent with the Code or the remainder of this Agreement.
- 17.5. The Parties shall amend this Agreement in such manner as may be required by the Board.
- 17.6. Any amendment to this Agreement shall be made in writing and duly executed by both Parties.

18. Waiver

- 18.1 A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver. The waiver by a Party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-compliance, whether of the same or any other nature.

19. Term of Agreement and Termination

- 19.1 This Agreement shall become effective upon execution by the Parties, and shall continue in effect until terminated in accordance with section 19.2 or 19.3.
- 19.2 The Customer may, if it is not then in default under this Agreement, terminate this Agreement at any time by giving the Distributor thirty days prior written notice setting out the termination date.
- 19.3 Except as set out in Schedule H, the Distributor may terminate this Agreement upon any material breach of this Agreement by the Customer (a "Default"), if the Customer fails to remedy the Default within the applicable cure period referred to in section 19.4 after receipt of written notice of the Default from the Distributor.
- 19.4 The Customer shall cure a Default within the applicable cure period specified in the Code or the Distributor's Conditions of Service. If no such cure period is specified in relation to a given Default, the cure period shall be sixty working days.
- 19.5 Termination of this Agreement for any reason shall not affect:
- (a) the liabilities of either Party that were incurred or arose under this Agreement prior to the time of termination; or
 - (b) the provisions that expressly apply in relation to disconnection of the Customer's facilities following termination of this Agreement.
- 19.6 Termination of this Agreement for any reason shall be without prejudice to the right of the terminating Party to pursue all legal and equitable remedies that may be available to it including, but not limited to, injunctive relief.
- 19.7 The rights and remedies set out in this Agreement are not intended to be exclusive but rather are cumulative and are in addition to any other right or remedy otherwise available to a Party at law or in equity. Nothing in this section 19.7 shall be interpreted as affecting the limitations of liability arising from section 10.1 or the obligation of a Party to comply with section 16 while this Agreement is in force.
- 19.8 Sections 19.5 to 19.7 shall survive termination of this Agreement.

20. Exchange and Confidentiality of Information

- 20.1 Confidential information in respect of a Party means (i) information disclosed by that Party to the other Party under this Agreement that is in its nature confidential, proprietary or commercially sensitive and (ii) information derived from the information referred to in (i), but excludes the following:
- (a) information that is in the public domain; or
 - (b) information that is, at the time of the disclosure, in the possession of the receiving Party, provided that it was lawfully obtained from a person under no obligation of confidence in relation to the information.

- 20.2 Subject to section 20.3, each Party shall treat all confidential information disclosed to it by the other Party as confidential and shall not, without the written consent of that other Party:
- (a) disclose that confidential information to any other person; or
 - (b) use that confidential information for any purpose other than the purpose for which it was disclosed or another applicable purpose contemplated in this Agreement.

Where a Party, with the written consent of the other Party, discloses confidential information of that other Party to another person, the Party shall take such steps as may be required to ensure that the other person complies with the confidentiality provisions of this Agreement.

- 20.3 Nothing in section 20.2 shall prevent the disclosure of confidential information:
- (a) where required or permitted under this Agreement, the Code, the Market Rules or the Distributor's Licence;
 - (b) where required by law or regulatory requirements;
 - (c) where required by order of a government, government agency, regulatory body or regulatory agency having jurisdiction;
 - (d) if required in connection with legal proceedings, arbitration or any expert determination relating to the subject matter of this Agreement, or for the purpose of advising a Party in relation thereto;
 - (e) as may be required to enable the Distributor to fulfill its obligations to any reliability organization; or
 - (f) as may be required during an emergency or to prevent or minimize the effects of an emergency.
- 20.4 Notwithstanding section 10.1, a Party that breaches section 20.2 shall be liable to the other Party for any and all losses of the other Party arising out of such breach.
- 20.5 The Parties agree that the exchange of information, including, but not limited to, confidential information, under this Agreement is necessary for maintaining the reliable operation of the Distributor's distribution system. The Parties further agree that all information, including, but not limited to, confidential information, exchanged between them shall be prepared, given and used in good faith and shall be provided in a timely and cooperative manner.
- 20.6 Each Party shall provide the other with such information as the other may reasonably require to enable it to perform its obligations under this Agreement.
- 20.7 Each Party shall, as soon as practicable, notify the other Party upon becoming aware of a material change or error in any information previously disclosed to the other Party under this Agreement and, in the case of the Customer, in any information contained in its Application. The Party shall provide updated or corrected information as required to ensure that information provided to the other Party is up to date and correct.

21. Assignment, Successors and Assigns

- 21.1 Except as set out in Schedule H, the Customer shall not assign its rights or obligations under this Agreement in whole or in part without the prior written consent of the Distributor, which consent shall not be unreasonably withheld or unduly delayed. The Distributor may withhold its consent to any proposed assignment until the proposed assignee assumes, in writing, all of the Customer's obligations contained in this Agreement.
- 21.2 The Distributor shall have the right to assign this Agreement in whole upon written notification to the Customer.
- 21.3 This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

22. Governing Law

- 22.1 This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

23. Entire Agreement

- 23.1 Except as expressly provided herein, this Agreement constitutes the entire agreement between the Parties with respect to the subject-matter hereof and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the subject-matter hereof.

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound, have caused this Agreement to be executed by their duly authorized representatives.

Customer Signature

Date

Name (Print)

Title

Distributor Signature

Date

Name (Print)

Title

SCHEDULE A

Application and Connection Cost Agreement (Recitals)

See the attached Application and connection cost agreement.

SCHEDULE B

Single Line Diagram, Connection Point and Location of Facilities (section 2.3)

Single Line Diagram and Connection Point

ON24.0048 Revision D (6 Sheets)

SCHEDULE C (N/A)

List of Other Contracts (section 3.4)

No Other Contracts

SCHEDULE D (N/A)

Technical and Operating Requirements (section 4.1(d))

Part 1

The following technical and operating requirements apply to the Facility:

D. EQUIPMENT REQUIREMENTS AND EQUIPMENT STANDARDS

D.1.1 Equipment Standards

- a) Without limiting Section 3.1.2 of the DSC, all electrical equipment in the embedded generation facility shall be provided, installed and maintained in accordance with the Electrical Safety Authority for the Province of Ontario, as well as industry standards and good practice in Ontario.
- b) The Facility shall maintain all necessary inspection records for the Electrical Safety Authority and provide a copy upon request to the Distributor within seven (7) calendar days.

D.1.2 Equipment Requirements

- a) Without limiting Section 6.2.9 of the DSC, the Customer shall provide, install, and maintain at its sole expense all equipment that shall be necessary from time to time to comply with performance requirements of the Distributor under its regulatory requirements.
- b) The Customer shall install at its cost any equipment necessary to correct any operation of the Facility that may adversely affect the quality of supply, reliability of supply or the physical equipment of the Distributor's distribution system, including but not limited to, the safety of the Distributor's employees, its contractors, agents and the public.

D.2 Licenses, Permits and Approvals

- a) The Customer shall comply with all applicable laws and regulations and shall obtain and maintain all necessary licenses, permits, authorizations and approvals for the Facility.

D.3 OPERATIONAL STANDARDS

- a) The Customer shall operate the Facility to prevent any disturbance, fluctuation, surge or interference with the Distributor's distribution system.
- b) As part of the commissioning process, the Distributor and Customer shall conduct testing of the connection and all protective equipment. Such testing shall be repeated at any time upon the request of the Distributor upon its reasonable suspicion that an adverse impact may be experienced on its system and shall, at a minimum, be repeated on an annual basis. The Customer shall be responsible for all costs associated with testing, whether they are internal costs to the Distributor or third-party costs.

D.3.1 Operation While in Default of Agreement

- a) The Customer shall not be permitted to operate the Facility and stay connected in parallel with the Distributor's distribution system if the Customer is in default of this Agreement.

D.3.2 Permission to Synchronize

- a) The Customer shall not operate in parallel with the Distributor's system except with the express permission of Distributor and the Customer shall obtain such verbal permission from the Bluewater Power System Operator as identified in Schedule F prior to each and every attempt to synchronize and operate. Such verbal permission shall be confirmed by Distributor through an e-mail to Contact person identified as contact #1.0 in Schedule F to this Agreement.

D.3.3 Operational Status of Distributor Distribution System

- a) The Customer shall only operate in parallel while Distribution system is at normal operating conditions, as determined by the Bluewater Power System Operator(s) in his or her sole discretion, acting reasonably.

D.3.4 Emergency Operations

- a) Without limiting Section 4.5.6 of the DSC, the Customer shall participate in emergency plans developed by Distributor as requested.
- b) In the event that changes to the Facility are required to allow the Customer to participate in emergency operations the allocation of costs shall be in accordance with IESO and OEB requirements. In the absence of such express requirements, the costs shall be borne by the Customer.

D.3.5 Operating Voltage

- a) The Facility shall operate with the excitation system of the generator in power factor control mode, with a set point 100% or 1.0 per unit, unless instructed otherwise by the Bluewater Power System Operator.

D.3.6 Operating Frequency

- a) The Facility shall operate at a frequency of 60 Hertz (Hz) and in synchronicity with the Distributor's distribution system.

D.4 WORKER PROTECTION, SAFETY TO THE PUBLIC AND THE ENVIRONMENT

D.4.1 Right to Disconnect

- a) Without limiting Section 3.1 of the DSC, the Distributor reserves the right to physically disconnect and remove all the Distributor's assets from the Customer's property (including overhead lines, underground cables, disconnects, metering equipment etc. owned by the Distributor) if at any time the actions of the Customer jeopardize the safety of any human life, the safety of the public or the environment.

D.4.2 Hold-Offs

- a) The Distributor reserves the right to apply secure hold-offs on any distribution circuits with, or without, parallel embedded generation. If at any time it is not possible for Distributor to apply a hold-off from a Facility, the Distributor may direct the Customer to discontinue operating in parallel with the Distributor's distribution system until such time that the hold-off is removed by the Bluewater Power System Operator.
- b) Under no circumstances shall a Hold-Off Procedure be implemented by the Distributor, or requested by the Customer, in place of work protection. When a hold-off is in effect on a line or other apparatus, it shall not be re-energized following an automatic trip until communication is established with the holder and his/her consent is obtained. It is a basic requirement of hold-off procedures that suitable communication be established and maintained between the controlling authority and the person issued the hold-off.

D.4.3 Requirements for System and Generating Plant Protection

- a) The Customer shall install at its cost all equipment necessary to automatically disconnect the generator(s) from the Distributor's distribution system in the event of abnormal conditions.

D.5 INSPECTION, MAINTENANCE AND TESTING OF EQUIPMENT

- a) The Customer shall inspect, maintain and test its equipment in accordance with recognized, safe work practice.

D.6 REQUIREMENTS FOR COMMUNICATION WITH DISTRIBUTOR DISTRIBUTION NETWORK

D.6.1 Day to Day Communications

- a) The Customer and Distributor represent that the appropriate communication channels for Day to Day Communications are as set out in Schedule F as contact #1.0 under each party. The Customer and Distributor shall keep such information updated at all times.
- b) If required, the Customer shall supply, install and maintain dedicated communication lines for remote tripping capabilities.

D.6.2 Emergency Communications

- a) The Customer and Distributor represent that the appropriate communication channels for Emergency Communications are as set out in Schedule F as contact #2.0 under each party. The Customer and Distributor shall keep such information updated at all times.
- b) Either Contact #1.0 or #2.0 from the Customer shall be available twenty-four (24) hours per day, seven (7) days per week using the communication means as specified by Distributor.
- c) Distributor reserves the right to specify the communication platform, hardware, bandwidth, wavelength and/or protocol if the system provided by the Customer is not sufficient to meet the needs of an emergency communication system.
- d) Distributor shall determine the reasonable requirements of the emergency communication system.

- e) The cost to supply, install and maintain the communication equipment shall be the responsibility of the Customer.

D.7 OPERATING CONTROL AND RESPONSIBILITY

- a) To ensure continual safety of the Facility, Operating Control of isolating devices must be assigned to a specific authority, and this assignment must never change unless the changes are intended to be of a permanent nature. Distributor will provide its Services 7:30 am to 4:00 pm Monday to Friday excluding statutory holidays observed in the Province of Ontario (“Normal Working Hours”), and Distributor reserves the right to revise its Normal Working Hours at any time and any such revision to Distributor’s Normal Working Hours will be set out on Distributor’s website prior to such change. Distributor will provide Services outside normal hours for scheduled work requested by the Customer, at the Customer’s sole cost and expense.

D.7.1 Controlling Authority and Assignment of Operating Control

- a) The Customer and Distributor agree, subject to the terms of this Agreement and the Conditions of Service, that Distributor shall be the Controlling Authority and have Operating Control of all the devices described in Part 2, A of Schedule D (“Distributor Controlled Devices”).
- b) After the automatic operation of any devices described in Part 2, B of Schedule D (“Customer Controlled Devices”) within the Facility, the Customer shall promptly provide notice by telephone to Distributor of such automatic operation to Distributor’s System Controller at the number set out in Schedule F.
- c) The Customer shall only operate in parallel while Distribution system is at normal operating conditions, as determined by the Bluewater Power System Operator(s) in his or her sole discretion, acting reasonably.
- d) The Customer will be responsible to ensure that its Subcontractors which are engaged to perform any work or switching on Customer Controlled Devices are competent, trained, experienced and licensed in the Province of Ontario and in good standing with the applicable licensing authority to perform the assigned work (“Qualified Person”) and that its Subcontractors comply with all Applicable Laws with respect to the performance of the Services.
- e) In order for any switching of any Distributor Controlled Devices to be performed by Distributor, the Customer must have at least one (1) Qualified Person present who is familiar with the operation of the Facility to coordinate the switching of the Facility. Distributor shall use commercially reasonable efforts to give prior notice to the Customer of the intent to perform the switching.
- f) Where the Distributor intends to carry out any scheduled switching of Customer Controlled Devices, prior written notification shall be sent to the Customer during Normal Working Hours. At the time when the switching operations are to be performed by the Distributor, the Distributor shall contact the Customer’s Facilities Operations Manager immediately prior to performing the switching operations.

- g) Where, due to an Emergency the Distributor intends to carry out any emergency switching of Customer Controlled Devices, notification by phone shall be made to the Customer's Facilities Operations Manager immediately after the switching operations have been performed by the Customer. For clarity, the Distributor acknowledges that notice must be given no later than 5 minutes after the switching operations have been performed by the Distributor.¹

D.7.2 Equipment Nomenclature and Identification

- a) All Facility primary voltage Devices will be identified using legible nomenclature approved by Distributor, including normally open switch points. All Distributor Controlled Devices shall be identified with a Distributor label including breakers, switches and metering compartments. Distributor labels to be provided and installed by Distributor.
- b) The Customer shall clearly post within each high voltage switchgear room or in a suitable weatherproof location for outdoor switchgear, a copy of Customer's single line diagram as provided in Schedule B of this Agreement. The single line diagram shall be posted within ten (10) meters of the switchgear being operated. This single line diagram is required to clearly identify all primary voltage interconnections between Distributor's incoming electrical supply lines and, the Customer's primary switchgear, transformation and the Distributor Controlled Devices.

D.8 WORK CO-ORDINATION AND PROTECTION

D.8.1. Isolation Requests

- a) Distributor agrees to give the Customer ten (10) business days prior notice, in writing or by phone call to the Customer's Facilities Operations Manager, of any scheduled maintenance by Distributor on Distributor's incoming cables or overhead conductor up to and including the "Inline Switches".
- b) All Customer requests for scheduled Facility isolation for maintenance of Distributor Controlled Devices must be received by Distributor's Control Room in writing or by phone call no less than ten (10) business days prior to date required. Distributor shall provide the requested isolation at the requested date and time unless Distributor determines in its sole discretion that it is not possible as a result of the arrangements and schedules of other agencies involved or it contravenes the Conditions of Service or Distributor is unable to have staff available at the requested time.
- c) All Customer isolation requests for Customer Controlled Devices must be received by Distributor's Control Room in writing or by phone call no less than ten (10) business days prior to the date the isolation is required. In addition, the Distributor Control Room must be notified by telephone immediately prior to the performance of any switching.
- d) In the event that the Customer requires guaranteed isolation and restoration times, the Customer will be required to pay the full cost of a dedicated Distributor crew of the size and composition necessary to complete the isolation.
- e) In an Emergency, Distributor shall not be responsible for any costs, unless due to Distributor's negligence, incurred by the Customer or its Subcontractor as the result of a cancellation of a scheduled isolation by Distributor provided that in such case the Customer shall not be required to pay the cost of any Distributor crew described in Section 5.1.4 above.

- f) The Customer or its Subcontractor shall ensure that all Devices are in the normal operating position, which is the position they were in when handed over to the Customer by Distributor prior to work commencing, before signing the notice of reenergization form being sent back to Distributor.

D.8.2. Protection for Work and Installation of Grounds

- a) All protection for work and/or clearance shall be in accordance with the Infrastructure Health & Safety Association Rule Book (Electrical Utility Safety Rules revised 2014) and the Distributor Utility Work Protection Procedures.
- b) The use of approved safety ground conductors shall be mandatory during all Facility maintenance and repair work. The load side of the Facility will be grounded for such work. The Customer shall be solely responsible for the supply and installation of all safety ground conductors prior to the commencement of any Customer maintenance or repair work.
- c) Distributor may at its discretion apply grounds at the isolation points to prove isolation; however, these are not to be considered safety grounds.

Part 2

A. DISTRIBUTOR CONTROLLED DEVICES:

None.

B. CUSTOMER CONTROLLED DEVICES:

- 1. *Customer to complete*

SCHEDULE E

Billing and Settlement Procedures (section 5.3)

The following provisions apply in relation to billing and settlement in relation to the Facility:

E.1 Settlement

E.1.1 Billing

The Customer shall pay the Distributor such charges as may be approved by the Board in relation to the connection of and the provision of distribution service to the Facility, without limiting the generality of the foregoing, that shall include Gross Load Billing, Standby charges and/or an equivalent charge for storage.

The Distributor will not compensate the Customer for any unintended and unapproved reverse power flow into the electrical grid.

The Distributor will not pay the Customer for any excess generation that results in delivery to the Distributor during the billing period. A credit will be calculated for excess generation using the equivalent KWh based charges and applied to the current invoice. The credit can be accumulated for up to 12 months before the entire current credit is removed and reset to zero. If customer's carry forward amount is \$0.00 in any month, then the 12-month credit counter resets.

E.1.2 Dispute Resolution

Disputes with respect to this Agreement shall be resolved in accordance with Schedule G.

SCHEDULE F

Contacts for Notice (section 12.1)

1. Contacts for Notice (Section 12.1)

CUSTOMER:

Langtree Controls LTD

Attn: _____

Cell _____

Fax _____

Email _____

DISTRIBUTOR:

Alex Palimaka

Vice President, Corporate Services & General Counsel

P.O. Box 2140, 855 Confederation St.

Sarnia, ON N7T 7L6

apalimaka@bluewaterpower.com

519-337-8201, ext. 2292

SCHEDULE G

Dispute Resolution (section 16.1)

- G.1 The Party claiming a dispute will provide written notice to the other Party. The Parties will make reasonable efforts through or by their respective senior executives to resolve any dispute within sixty days of receipt of such notice.
- G.2 If a dispute is settled by the senior executives of the Parties, the Parties shall prepare and execute minutes setting forth the terms of the settlement. Such terms shall bind the Parties. The subject-matter of the dispute shall not thereafter be the subject of any civil or other proceeding, other than in relation to the enforcement of the terms of the settlement. If a Party fails to comply with the terms of settlement, the other Party may submit the matter to arbitration under section G.3. A copy of the minutes referred to in this section from which all confidential information has been expunged shall be made available to the public by the Distributor upon request.
- G.3 If the senior executives of the Parties cannot resolve the dispute within the time period set out in section G.1 or such longer or shorter period as the Parties may agree, either Party may submit the dispute to binding arbitration under sections G.4 to G.8 by notice to the other Party.
- G.4 The Parties shall use good faith efforts to appoint a single arbitrator for purposes of the arbitration of the dispute. If the Parties fail to agree upon a single arbitrator within ten working days of the date of the notice referred to in section G.3, each Party shall within five working days thereafter choose one arbitrator. The two arbitrators so chosen shall within fifteen working days select a third arbitrator.
- G.5 Where a Party has failed to choose an arbitrator under section G.4 within the time allowed, the other Party may apply to a court to appoint a single arbitrator to resolve the dispute.
- G.6 A person may be appointed as an arbitrator if that person:
- (a) is independent of the Parties;
 - (b) has no current or past substantial business or financial relationship with either Party, except for prior arbitration; and
 - (c) is qualified by education or experience to resolve the dispute.
- G.7 The arbitrator(s) shall provide each of the Parties with an opportunity to be heard orally and/or in writing, as may be appropriate to the nature of the dispute.
- G.8 The *Arbitration Act, 1991* (Ontario) shall apply to an arbitration conducted under this Schedule G.
- G.9 The decision of the arbitrator(s) shall be final and binding on the Parties and may be enforced in accordance with the provisions of the *Arbitration Act, 1991* (Ontario). The Party against which the decision is enforced shall bear all costs and expenses reasonably incurred by the other Party in enforcing the decision.

- G.10 A copy of the decision of the arbitrator(s) from which any confidential information has been expunged shall be made available to the public by the Distributor upon request.
- G.11 Subject to section G.12, each Party shall be responsible for its own costs and expenses incurred in the arbitration of a dispute and for the costs and expenses of the arbitrator(s) if appointed to resolve the dispute.
- G.12 The arbitrator(s) may, if the arbitrator(s) consider it just and reasonable to do so, make an award of costs against or in favour of a Party to the dispute. Such an award of costs may relate to either or both the costs and expenses of the arbitrator(s) and the costs and expenses of the Parties to the dispute.
- G.13 If a dispute is settled by the Parties during the course of an arbitration, the Parties shall prepare and execute minutes setting forth the terms of the settlement. Such terms shall bind the Parties, and either Party may request that the arbitrator(s) record the settlement in the form of an award under section 36 of the *Arbitration Act, 1991* (Ontario). The subject-matter of the dispute shall not thereafter be the subject of any civil or other proceeding, other than in relation to the enforcement of the terms of the settlement.
- G.14 If a Party fails to comply with the terms of settlement referred to in section G.13, the other Party may submit the matter to arbitration under section G.3 if the settlement has not been recorded in the form of an award under section 36 of the *Arbitration Act, 1991* (Ontario).
- G.15 A copy of the minutes referred to in section G.13 from which all confidential information has been expunged shall be made available to the public by the Distributor upon request.
- G.16 The Parties may not, by means of the settlement of a dispute under section G.2 or section G.13, agree to terms or conditions that are inconsistent with or contrary to the Code or this Agreement.

SCHEDULE H

Provisions Applicable if Facility Financed by a Lender (sections 19.3, 20.3 and 21.1)

- H.1 For the purposes of this Schedule, "lender" means a bank or other entity whose principal business is that of a financial institution and that is financing or refinancing the Facility.

- H.2 Where notice of a Default has been served on the Customer under section 19.3, an agent or trustee for and on behalf of a lender ("Security Trustee") or a receiver appointed by the Security Trustee ("Receiver") shall upon notice to the Distributor be entitled (but not obligated) to exercise all of the rights and obligations of the Customer under this Agreement and shall be entitled to remedy the Default specified in the notice within the applicable cure period referred to in section 19.4. The Distributor shall accept performance of the Customer's obligations under this Agreement by the Security Trustee or Receiver in lieu of the Customer's performance of such obligations, and will not exercise any right to terminate this Agreement under section 19.3 due to a Default if the Security Trustee, its nominee or transferee, or the Receiver acknowledges its intention to be bound by the terms of this Agreement and such acknowledgment is received within 30 days of the date of receipt by the Customer of the notice of Default.

- H.3 The Customer may, without the prior written consent of the Distributor, assign by way of security only all or any part of its rights or obligations under this Agreement to a lender. The Customer shall promptly notify the Distributor upon making any such assignment.

- H.4 The Customer may disclose confidential information of the Distributor to a lender or a prospective lender.