

1 Q. Please refer to Appendix C10, section 2.1. Explain in detail the consideration given
2 to negotiating an emergency power support agreement with Nova Scotia, i.e. to
3 keep the Maritime Link in service and to enable the Maritime Link to change from
4 export to import during major incidents, such as a permanent bipole trip. What is
5 the status of such an agreement?
6

7

8 A. The Interconnection Operators Agreement (IOA), between Hydro and Nova Scotia
9 Power Inc. (NSPI), Article 5¹ outlines a framework for emergency assistance
10 between Hydro and NSPI. Over the next 12 to 18 months, the two utilities will be
11 working through the technical and commercial activities required to complete the
12 schedules relating to this agreement.
13

14 As outlined in Hydro's response to CA-NLH-006, it is planned that for either
15 permanent single or bipole trips the intent is to immediately curtail flow on the
16 Maritime Link, stabilize the Newfoundland system and then reinstate the Maritime
17 Link. Once reinstated, flows on the Maritime Link could be either out of or into
18 Newfoundland depending on the level of generation available and the load on the
19 Island at the time. Hydro and NSPI system planning personnel continue to work on
20 joint studies to confirm the capabilities of the new interconnection. The studies to
21 date have confirmed system performance based on the above assumptions and
22 determined that the existing Maritime system has the technical capability of
23 providing up to 300 MW of emergency support over the Maritime Link.

¹ See PUB-NLH-063 Attachment 1, also found at: <http://www.nalcorenergy.com/uploads/file/08%20-%20IOA%20%28Execution%20Copy%20July%2031%2012%29%282%29.pdf>.

NEWFOUNDLAND AND LABRADOR HYDRO

and

NOVA SCOTIA POWER INCORPORATED

INTERCONNECTION OPERATORS AGREEMENT

July 31, 2012

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS AND INTERPRETATION	1
1.1 Definitions	1
1.2 Construction of Agreement.....	11
1.3 Conflicts between Parts of Agreement	13
1.4 Applicable Law and Submission to Jurisdiction.....	13
1.5 Schedules.....	13
ARTICLE 2 PURPOSE AND SCOPE OF AGREEMENT	13
2.1 Purpose and Scope of Agreement.....	13
ARTICLE 3 MUTUAL BENEFITS.....	14
3.1 No Charge for Mutual Benefits of Interconnection	14
3.2 Maintenance of Mutual Benefits	14
ARTICLE 4 INTERCONNECTED OPERATION	15
4.1 Operational Control.....	15
4.2 Adoption and Compliance with Reliability Standards.....	15
4.3 Obligation to Remain Interconnected.....	15
4.4 Notification of Circumstances	15
4.5 Reliability Coordination and Reliability Assessment of Outages	16
4.6 Control and Monitoring.....	16
4.7 Control and Dispatch of Reactive Power.....	16
4.8 Real Power Transfers.....	16
4.9 Inadvertent Interchange	16
4.10 Reserve Sharing	16
4.11 Completion of Supplemental Agreements.....	17
ARTICLE 5 EMERGENCY ASSISTANCE.....	17
5.1 Emergency Assistance	17
5.2 Emergency Energy Transactions	17
ARTICLE 6 EXCHANGE OF INFORMATION AND CONFIDENTIALITY	17
6.1 Information.....	17
6.2 Incorporation of Project NDA.....	18
6.3 Disclosure of Agreement.....	18
ARTICLE 7 INTERCONNECTION OPERATORS COMMITTEE	18
7.1 Interconnection Operators Committee Inauguration and Authorization.....	18
7.2 Interconnection Operators Committee Duties and Responsibilities	18
7.3 Limitations of Interconnection Operators Committee Authority	19
7.4 Exercise of Interconnection Operators Committee Duties.....	20
7.5 Compliance with Directives of the Interconnection Operators Committee	20

7.6	Expenses	21
ARTICLE 8 OPERATIONAL INFORMATION		21
8.1	Obligation to Provide Operational Monitoring Facilities	21
8.2	Obligation to Provide Points of Operational Data	21
ARTICLE 9 INTERCONNECTION REVENUE METERING		21
9.1	Obligation to Provide Revenue Metering.....	21
9.2	Standards for Metering Equipment	21
9.3	Meter Compensation to the Delivery Point	21
9.4	Meter Readings	22
9.5	Inspection and Testing	22
9.6	Meters Out of Service	22
ARTICLE 10 LIABILITY.....		22
10.1	Force Majeure	22
10.2	Liability to Third Parties.....	23
10.3	Liability Between Parties.....	23
10.4	Liability for Interruptions	24
ARTICLE 11 TERM AND TERMINATION.....		24
11.1	Term	24
11.2	Termination	24
ARTICLE 12 DISPUTE RESOLUTION		24
12.1	General	24
ARTICLE 13 INVOICING AND PAYMENT		25
13.1	Invoices.....	25
13.2	Disputed Amounts.....	25
13.3	Time and Method of Payment	25
13.4	Effect of Payment	25
13.5	Resolution of Objections	26
13.6	Overpayments	26
13.7	Interest on Overdue Amounts.....	26
13.8	Waiver of Unbilled Charges.....	26
ARTICLE 14 TAXES		26
14.1	Supplies and Payments Exclusive of Taxes.....	26
14.2	Determination of Value for Tax Compliance Purposes	27
14.3	Invoicing	28
14.4	Payment and Offset.....	28
14.5	HST Registration Status and Residency	28
14.6	Cooperation to Minimize Taxes	29

14.7	Additional Tax Disclosure	29
14.8	Prohibited Tax Disclosure	29
14.9	Withholding Tax	30
14.10	Tax Indemnity	30
14.11	Additional Tax Indemnity	30
14.12	Assignment – Tax Requirements	31
ARTICLE 15 REPRESENTATIONS AND WARRANTIES		31
15.1	NLH Representations and Warranties	31
15.2	NSPI Representations and Warranties	32
ARTICLE 16 MISCELLANEOUS PROVISIONS		33
16.1	Notices	33
16.2	Prior Agreements	34
16.3	Counterparts	34
16.4	Expenses of Parties	34
16.5	Announcements	34
16.6	Relationship of the Parties	35
16.7	Further Assurances	35
16.8	Severability	35
16.9	Time of the Essence	35
16.10	Amendments	35
16.11	No Waiver	35
16.12	No Third Party Beneficiaries	36
16.13	Assignment	36
16.14	Survival	36
16.15	Successors and Assigns	36

Schedules:

Schedule A	-	Supplemental Agreements
Schedule B	-	Description of Interconnection Facilities
Schedule C	-	Functional Operating Relationship
Schedule D	-	Outline of Contents for the Maritime Link Transmission Procedures

THIS INTERCONNECTION OPERATORS AGREEMENT is made effective the 31st day of July, 2012 (the "Effective Date")

BETWEEN:

NEWFOUNDLAND AND LABRADOR HYDRO, a body corporate existing pursuant to the *Hydro Corporation Act, 2007*, being Chapter H-7 of the *Statutes of Newfoundland and Labrador, 2007* ("NLH")

- and -

NOVA SCOTIA POWER INCORPORATED, a company incorporated under the laws of the Province of Nova Scotia ("NSPI")

WHEREAS:

- A. NLH is a fully-integrated, electric utility operating in NL in a regulated environment;
- B. NSPI is a fully-integrated, electric utility operating in NS in a regulated environment; and
- C. NLH and NSPI wish to manage and optimize the operational aspects of the interconnection between their transmission systems via the Maritime Link by developing, administering and implementing practices and procedures and exchanging information relating to Reliability coordination and power system operation as necessary to allow for the safe and reliable integration of the Maritime Link Interconnection Facilities with the NL Transmission System and the NS Transmission System for the benefit of both Parties;

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants and agreements hereinafter contained the Parties, intending to be legally bound, agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement including the recitals and, subject to **Section 1.2(f)**, in the Schedules:

"**Adequacy**" means the ability of the electric system to reliably supply electrical demand and energy requirements at all times, taking into account scheduled and unscheduled outages of system elements;

"**Affiliate**" means, with respect to any Person, any other Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such Person; provided however that the NL Crown shall be deemed not to be an Affiliate of NLH or Nalcor;

“Agreement” means this Interconnection Operators Agreement, including all Schedules, as it may be modified, amended, supplemented or restated by written agreement between the Parties;

“Applicable Law” means, in relation to any Person, property, transaction or event, all applicable laws, statutes, rules, codes, regulations, treaties, official directives, policies and orders of, and the terms of all judgments, orders and decrees issued by, any Authorized Authority by which such Person is bound or having application to the property, transaction or event in question;

“Authorized Authority” means, in relation to any Person, property, transaction or event, any (a) federal, provincial, state, territorial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), (b) agency, authority, commission, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, (d) private regulatory entity, self-regulatory organization or other similar Person, or (e) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, property, transaction or event;

“Balancing Authority” means the entity with the highest level of responsibility, pursuant to Reliability Standards, for integrating resource plans ahead of time, maintaining load-interchange generation balance within a Balancing Authority Area, and for supporting interconnection frequency in real time;

“Balancing Authority Area” means the metered extent, or footprint, containing a collection of generation, transmission and loads for which the Balancing Authority maintains load-resource balance;

“Bulk Electric System” means the electrical generation resources, transmission lines, interconnections with neighbouring systems and associated equipment, generally operated at voltages of 100 kV or higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition;

“Bulk Power System” means the interconnected electrical systems within north-eastern North America comprised of system elements on which faults or disturbances can have a significant adverse impact outside of a Local Area;

“Business Day” means any day that is not a Saturday, Sunday or legal holiday recognized in the City of St. John’s, NL, or in Halifax Regional Municipality, NS;

“Claims” means any and all Losses, claims, actions, causes of action, demands, fees (including all legal and other professional fees and disbursements, court costs and experts’ fees), levies, Taxes, judgments, fines, charges, deficiencies, interest, penalties and amounts paid in settlement, whether arising in equity, at common law, by statute, or under the law of contracts, torts (including negligence and strict liability without regard to fault) or property, of every kind or character;

"Commercial Operation Date" means the "Commercial Operation Date" of the Maritime Link as set forth in the Maritime Link Joint Development Agreement;

"Confidential Information" has the meaning given to such term in the Project NDA;

"Control" of a Person means the possession, direct or indirect, of the power to elect or appoint a majority of such Person's board of directors or similar governing body, or to direct or cause the direction of the management, business and/or policies of such Person, whether through ownership of Voting Shares, by contract or otherwise, and, without limiting the generality of the foregoing, a Person shall be deemed to **"Control"** any partnership of which, at the time, the Person is a general partner, in the case of a limited partnership, or is a partner who, under the partnership agreement, has authority to bind the partnership, in all other cases (and the terms **"Controlled by"** and **"under common Control with"** have correlative meanings);

"Delivery Point" means the point separating the NS Balancing Authority Area and the NL Balancing Authority Area and is the 345 kV side of the Maritime Link HVdc converter transformers at Woodbine, NS;

"Dispute" means any dispute, controversy or claim of any kind whatsoever arising out of or relating to this Agreement, including the interpretation of the terms hereof or any Applicable Law that affects this Agreement, or the transactions contemplated hereunder, or the breach, termination or validity thereof;

"Effective Date" has the meaning set forth in the commencement of this Agreement;

"Emera" means Emera Inc., a company incorporated under the laws of NS and its successors;

"Emergency" means any abnormal system condition that requires automatic or manual action to prevent or limit loss of transmission facilities or generation supply that could adversely affect the Reliability of, in the case of NL, the Bulk Electric System, and in the case of NS, the Bulk Power System;

"Emergency Energy" means energy supplied from Operating Reserve or electrical generation available for sale in NL or NS or available from another Balancing Authority Area that may be provided in cases of sudden and unforeseen outages of generating units, transmission lines or other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to provide sufficient Operating Reserve;

"Energy and Capacity Agreement" means the agreement of even date herewith between Nalcor and Emera relating to the sale and delivery of energy and capacity by Nalcor to Emera;

"Excise Tax Act" means the *Excise Tax Act* (Canada);

"Force Majeure" means an event, condition or circumstance (each, an **"event"**) beyond the reasonable control of the Party claiming the Force Majeure, which, despite all commercially reasonable efforts, timely taken, of the Party claiming the Force Majeure to prevent its occurrence or mitigate its effects, causes a delay or disruption in the performance of any obligation (other than

the obligation to pay monies due) imposed on such Party hereunder. Provided that the foregoing conditions are met, "**Force Majeure**" may include,

- (a) an act of God, storm, fire, flood, iceberg, ice conditions, epidemic declared by an Authorized Authority having jurisdiction, geomagnetic activity, explosion, earthquake or lightning;
- (b) a war, revolution, terrorism, insurrection, riot, blockade, sabotage, civil disturbance, vandalism or any other unlawful act against public order or authority;
- (c) a strike, lockout or other industrial disturbance;
- (d) an accident causing material physical damage to, or materially impairing the operation of, or access to, the Interconnection Facilities, the NL Transmission System or the NS Transmission System; and
- (e) the inability to obtain or the revocation, failure to renew or other inability to maintain in force or the amendment of any order, permit, licence, certificate or authorization from any Authorized Authority, unless such inability or amendment is caused by a breach of the terms thereof or results from an agreement made by the Party seeking or holding such order, permit, licence, certificate or authorization,

provided that the following shall not be considered events of Force Majeure:

- (i) lack of finances or changes in economic circumstances of a Party;
- (ii) any delay in the settlement of any Dispute; and
- (iii) if the event, condition or circumstance relied upon resulted from a breach of Good Utility Practice by the Party claiming Force Majeure;

"**Good Utility Practice**" means those project management, design, procurement, construction, operation, maintenance, repair, removal and disposal practices, methods and acts that are engaged in by a significant portion of the electric utility industry in Canada during the relevant time period, or any other practices, methods or acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, could have been expected to accomplish a desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be the optimum practice, method or act to the exclusion of others, but rather to be a spectrum of acceptable practices, methods or acts generally accepted in such electric utility industry for the project management, design, procurement, construction, operation, maintenance, repair, removal and disposal of electric utility facilities in Canada. Notwithstanding the foregoing references to the electric utility industry in Canada, in respect solely of Good Utility Practice regarding subsea HVdc transmission cables, the standards referenced shall be the internationally recognized standards for such practices, methods and acts generally accepted with respect to subsea HVdc transmission cables. Good Utility Practice shall not be determined after the fact in light of the results achieved by the practices, methods or acts undertaken but rather shall be determined based upon the consistency of the practices, methods or

acts when undertaken with the standard set forth in the first two sentences of this definition at such time;

"HST" means all amounts exigible pursuant to Part IX of the Excise Tax Act, including, for greater certainty, the Taxes commonly referred to as the goods and services tax (GST) and the harmonized sales tax (HST);

"Inadvertent Interchange" means the difference between net actual interchange and net scheduled interchange at the Delivery Point;

"Income Tax Act" means the *Income Tax Act* (Canada);

"Insolvency Event" means, in relation to any Party, the occurrence of one or more of the following:

- (a) an order is made, or an effective resolution passed, for the winding-up, liquidation or dissolution of such Party;
- (b) such Party voluntarily institutes proceedings for its winding up, liquidation or dissolution, or to authorize or enter into an arrangement under the *Corporations Act* (Newfoundland and Labrador) or similar legislation in any other jurisdiction affecting any of its creditors, or takes action to become bankrupt, or consents to the filing of a bankruptcy application against it, or files an assignment, a proposal, a notice of intention to make a proposal, an application, or answer or consent seeking reorganization, readjustment, arrangement, composition, protection from creditors, or similar relief under any bankruptcy or insolvency law or any other similar Applicable Law, including the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada), or consents to the filing of any such application for a bankruptcy order, or consents to the appointment of an interim receiver, receiver, monitor, liquidator, restructuring officer or trustee in bankruptcy of all or substantially all of the property of such Party or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they come due or commits any other act of bankruptcy or insolvency, or suspends or threatens to suspend transaction of its usual business, or any action is taken by such Party in furtherance of any of the foregoing;
- (c) a court having jurisdiction enters a judgment or order adjudging such Party a bankrupt or an insolvent person, or approving as properly filed an application or motion seeking an arrangement under the *Corporations Act* (Newfoundland and Labrador) or similar legislation in any other jurisdiction affecting any of its creditors or seeking reorganization, readjustment, arrangement, composition, protection from creditors, or similar relief under any bankruptcy or insolvency law or any other similar Applicable Law, or an order of a court having jurisdiction for the appointment of an interim receiver, receiver, monitor, liquidator, restructuring officer or trustee in bankruptcy of all or substantially all of the undertaking or property of such Party, or for the winding up, liquidation or dissolution of its affairs, is entered and such order is not contested and the effect thereof stayed, or any material part of the property of such Party is sequestered or attached and is not returned to the possession of such Party or released from such attachment within 30 days thereafter;

- (d) any proceeding or application is commenced respecting such Party without its consent or acquiescence pursuant to any Applicable Law relating to bankruptcy, insolvency, reorganization of debts, winding up, liquidation or dissolution, and such proceeding or application (i) results in a bankruptcy order or the entry of an order for relief and a period of 30 days has elapsed since the issuance of such order without such order having been reversed or set aside or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the commencement of such proceeding or application; or
- (e) such Party has ceased paying its current obligations in the ordinary course of business as they generally become due;

“Interconnection Facilities” means the facilities described in **Schedule B**;

“Interconnection Operators Committee” means the committee established pursuant to **Section 7.1**;

“Interconnection Point” means the point of interconnection of the NL Transmission System and the NS Transmission System located at the point on the Maritime Link that is the midpoint of the undersea portion of the Maritime Link cables;

“Interconnection Reliability Operating Limit” means a System Operating Limit that, if violated, could lead to instability, uncontrolled separation or cascading outages that adversely impact the Reliability of the Bulk Electric System, in the case of NL, or the Bulk Power System, in the case of NS;

“Knowledge” means in the case of either Party, as applicable, the actual knowledge of any of the executive officers of such Party and other facts or matters that such executive officers could reasonably be expected to discover or otherwise become aware of in the course of performing their ordinary responsibilities as executive officers of such Party;

“Legal Proceedings” means any actions, suits, investigations, proceedings, judgments, rulings or orders by or before any Authorized Authority;

“Local Area” means an electrically confined or radial portion of the system. The geographic size and number of system elements contained will vary based on system characteristics. A local area may be relatively large geographically with relatively few buses in a sparse system, or be relatively small geographically with a large number of buses in a densely networked system;

“Losses” means any and all losses (other than Transmission Losses), damages, costs, expenses, charges, fines, penalties and injuries of every kind and character;

“ML Transmission Procedures” means the rules and practices applicable to the administration of transmission service over the Maritime Link, subject to approval by the UARB, as developed by the Interconnection Operators Committee pursuant to **Section 7.2** in accordance with the outline attached as **Schedule D**;

"Maritime Link" means the transmission facilities to be constructed between the existing NL Transmission System and the existing NS Transmission System in accordance with the Maritime Link Joint Development Agreement;

"Maritime Link Joint Development Agreement" or **"ML-JDA"** means the agreement of even date herewith between Nalcor and Emera relating to the development of the Maritime Link;

"Maritimes Area" means the geographic area including the Provinces of New Brunswick, Nova Scotia, Prince Edward Island, and the northern part of the State of Maine radially connected to New Brunswick (currently referred to as the Northern Maine Market);

"Marketing Personnel" means a natural Person who, individually or on behalf of any other Person, sells or purchases for consumption or resale capacity, energy, energy derivatives and ancillary services in the wholesale power markets, and includes any natural Person who conducts such transactions on behalf of transmission service customers, power exchanges, transmission owners that are not also a System Operator, load serving entities, loads, holders of energy derivatives, generators and other power suppliers and their designated agents;

"Metered Quantity" means active power and reactive power, with associated time tagging and any other quantity that may be measured by a Party's Metering Equipment and that is reasonably required by either Party for Security reasons or revenue requirements;

"Metering Equipment" means the potential transformers, current transformers, meters, interconnecting wiring and recorders used to measure and record any Metered Quantity;

"Mutual Benefits" means the transient and steady-state support that the integrated generation and Transmission Systems in NL and NS inherently provide to each other by virtue of being interconnected. Mutual Benefits shall exclude energy products or services that are normally marketed or compensated through other wholesale trading markets or sales agreements;

"MVA_r" means megavolt-ampere reactive;

"MW" means megawatt;

"NB Reserve Sharing Agreement" means the reserve sharing agreement between NSPI and the NBSO dated October 1, 2005;

"NBSO" means the New Brunswick System Operator established pursuant to the *Electricity Act* (New Brunswick) or any successor corporation or division of any corporation which may be established or authorized to carry out the functions of system operator of the Bulk Power System in New Brunswick;

"NERC" means the North American Electric Reliability Corporation or its successor organization;

"NL" means the Province of Newfoundland and Labrador;

"NL SO" means the system operations department of NLH responsible for the safe and reliable operation of the Bulk Electric System in NL, or a functionally separate division of NLH performing this function, or any successor as applicable;

"NL Transmission System" means, on and after the Commercial Operation Date, the transmission facilities located in NL operating at a voltage level of 230 kV or higher, together with, on and after the Commercial Operation Date, that portion of the Maritime Link on the NL side of the Interconnection Point;

"NPCC" means the Northeast Power Coordinating Council or its successor organization;

"NS" means the Province of Nova Scotia;

"NSPSO" means the Nova Scotia Power System Operator, a functionally separate division of NSPI responsible for the safe and reliable operation of the Bulk Power System in NS, or any successor;

"NS Transmission System" means, on and after the Commercial Operations Date, the 138kV, 230 kV and 345 kV transmission facilities located in NS, together with, on and after the Commercial Operation Date, that portion of the Maritime Link on the NS side of the Interconnection Point;

"Nalcor" means Nalcor Energy, a body corporate existing pursuant to the *Energy Corporation Act* (NL), and its successors;

"New Taxes" means:

- (a) any Tax exigible pursuant to Applicable Law which comes into force after the Effective Date; and
- (b) any change to a Tax exigible pursuant to Applicable Law which comes into force after the Effective Date;

"Nominal Transfer Capability" means the thermal capacity that the equipment in the Interconnection Facilities can withstand in the Interconnection Facilities' original configuration as specified in **Schedule B** without regard to external system impacts by the interconnected AC Transmission Systems or other Transmission Systems;

"Notice" means a communication required or contemplated to be given by either Party to the other under this Agreement, which communication shall be given in accordance with **Section 16.1**;

"Operating Instructions" means the operating procedures and steps used for the operation of the Interconnection Facilities as established from time to time by the Interconnection Operators Committee in accordance with **Section 7.4**;

"Operating Reserve" means that capability above firm system demand required to provide for regulation, load forecasting error, equipment forced and scheduled outages and local area protection. It consists of spinning and non-spinning reserve;

“Operational Control” means security monitoring, adjustment of generation and transmission resources, coordinating and approval of changes in transmission status for maintenance, determination of transmission status for Reliability, coordination with other Balancing Authorities, voltage reductions and load shedding;

“PUB” means the Board of Commissioners of Public Utilities established pursuant to the *Public Utilities Act* (NL), or any successor performing substantially the same functions;

“Parties” means the parties to this Agreement, and **“Party”** means one of them;

“Payee” has the meaning set forth in **Section 13.1**;

“Payor” has the meaning set forth in **Section 13.1**;

“Person” includes an individual, a partnership, a corporation, a company, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

“Prime Rate” means the variable rate of interest per annum expressed on the basis of a year of 365 or 366 days, as the case may be, established from time to time by The Bank of Nova Scotia, or any successor thereto, as its reference rate for the determination of interest rates that it will charge on commercial loans in Canadian dollars made in Canada;

“Project NDA” means the Restricted Use and Non-Disclosure Agreement dated June 20, 2011 between Nalcor and Emera;

“Regular Business Hours” means 8:30 a.m. through 4:30 p.m. local time on Business Days in St. John’s, NL, when referring to the Regular Business Hours of NLH, and 9:00 a.m. through 5:00 p.m. local time on Business Days in Halifax Regional Municipality, NS, when referring to the Regular Business Hours of NSPI;

“Regulatory Approval” means any approval required by any Authorized Authority, including any regulatory, environmental, development, zoning, building, subdivision or occupancy permit, licence, approval or other authorization;

“Reliability” means the degree of performance of the electric power system that results in electricity being delivered within Reliability Standards and in the amount desired. Electric system Reliability can be addressed by considering two basic and functional aspects of the electric systems: Adequacy and Security;

“Reliability Coordinator” means, for a given region, the entity that is the highest level of authority that is responsible for the reliable operation of the Bulk Electric System, has the wide area view of the Bulk Electric System, and has the operating tools, processes and procedures, including authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations;

“Reliability Standards” means the criteria, standards and requirements relating to Reliability established or authorized by a Standards Authority;

“Reserve Responsibility” means an amount of Operating Reserve measured in MW that a Balancing Authority must have available to recover from contingencies;

“Sanction” means “Sanction” of the Maritime Link as set forth in the Maritime Link Joint Development Agreement;

“Security” means the ability of the electric system to withstand disturbances such as electric short circuits or unanticipated loss of system elements;

“Security Energy” means energy delivered by NLH to NSPI or by NSPI to NLH, used to bias the flow of energy in order to prevent cascading transmission outages following a single contingency event;

“Security Limits” means electricity system voltage, frequency, stability and thermal safe operating limits;

“Standards Authority” means:

- (a) in respect of NSPI, NERC, NPCC and the UARB or any successor thereof, or any other agency with authority over NSPI regarding standards or criteria applicable to NSPI relating to the Reliability of the NS Transmission System; and
- (b) in respect of NLH at the Effective Date, the Government of NL, the PUB or any other agency as may assume authority over NLH subsequent to the Effective Date regarding standards or criteria applicable to NLH relating to the Reliability of the NL Transmission System;

“Supplemental Agreements” means the supplemental agreements and documentation identified in Schedule A;

“Supporting Material” has the meaning set forth in **Section 13.1**;

“System Operating Limit” means the value (such as MW, MVAR, amperes, frequency or volts) that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable Reliability criteria. System Operating Limits are based upon certain operating criteria. These include, but are not limited to:

- (a) facility ratings (applicable pre-and post-contingency equipment or facility ratings);
- (b) transient stability ratings (applicable pre-and post-contingency stability limits);
- (c) voltage stability ratings (applicable pre-and post-contingency voltage stability); and
- (d) system voltage limits (applicable pre-and post-contingency voltage limits);

“Tariff Charges” means any charges arising pursuant to a tariff or other schedule of fees in respect of electricity transmission services;

“Tax” or “Taxes” means any tax, fee, levy, rental, duty, charge, royalty or similar charge including, for greater certainty, any federal, state, provincial, municipal, local, aboriginal, foreign or any other assessment, governmental charge, imposition or tariff (other than Tariff Charges) wherever imposed, assessed or collected, and whether based on or measured by gross receipts, income, profits, sales, use and occupation or otherwise, and including any income tax, capital gains tax, payroll tax, fuel tax, capital tax, goods and services tax, harmonized sales tax, value added tax, sales tax, withholding tax, property tax, business tax, ad valorem tax, transfer tax, franchise tax or excise tax, together with all interest, penalties, fines or additions imposed, assessed or collected with respect to any such amounts;

“Term” has the meaning set forth in **Section 11.1**;

“third party” means any Person that does not Control, is not Controlled by and is not under common Control with the applicable Party;

“Transmission Losses” means losses of electrical energy normally incurred in the transmission of electrical energy;

“Transmission System” means a network for transmitting high voltage electricity, and includes any structures, equipment or other facilities used for that purpose;

“UARB” means the Utility and Review Board established by NS pursuant to the *Utility and Review Board Act* (NS), as it may be replaced or reconstituted from time to time; and

“Voting Shares” means shares issued by a corporation in its capital stock, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or Persons performing similar functions) of such Person, even if such right to vote has been suspended by the happening of such contingency.

1.2 Construction of Agreement

- (a) Interpretation Not Affected by Headings, etc. - The division of this Agreement into articles, sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, all references to an “Article”, “Section” or “Schedule” followed by a number and/or a letter refer to the specified article, section or schedule of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article or Section hereof. All references to a given agreement, instrument or other document shall be a reference to that agreement, instrument or other document as modified, amended, supplemented and restated through the date as of which such reference is made.
- (b) Singular/Plural; Derivatives - Whenever the singular or masculine or neuter is used in this Agreement, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires. Where a term is

defined herein, a capitalized derivative of such term has a corresponding meaning unless the context otherwise requires.

- (c) “Including” - The word “including”, when used in this Agreement, means “including without limitation”.
- (d) Trade Meanings - Terms and expressions that are not specifically defined in this Agreement, but which have generally accepted meanings in the custom, usage and literature of the electricity industry in Canada as of the date of this Agreement, shall have such generally accepted meanings when used in this Agreement, unless otherwise specified elsewhere in this Agreement.
- (e) Statutory References - Any reference in this Agreement to a statute shall include, and shall be deemed to be, a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto (including changes to section numbers referenced herein) and in force from time to time, and to any statute or regulation that may be passed that has the effect of supplementing or replacing the statute so referred to or the regulations made pursuant thereto, and any reference to an order, ruling or decision shall be deemed to be a reference to such order, ruling or decision as the same may be varied, amended, modified, supplemented or replaced from time to time.
- (f) Terms Defined in Schedules - Terms defined in a Schedule or part of a Schedule to this Agreement shall, unless otherwise specified in such Schedule or part of a Schedule or elsewhere in this Agreement, have the meaning ascribed thereto only in such Schedule or such part of such Schedule.
- (g) Calculation of Time - Where, in this Agreement, a period of time is specified or calculated from or after a date or event, such period is to be calculated excluding such date or the date on which such event occurs, as the case may be, and including the date on which the period ends.
- (h) Time Falling on Non-Business Day - Whenever the time for doing something under this Agreement falls on a day that is not a Business Day such action is to be taken on the first following Business Day.
- (i) No Drafting Presumption - The Parties acknowledge that their respective legal advisors have reviewed and participated in settling the terms of this Agreement and agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not apply to the interpretation of this Agreement.
- (j) Approvals, etc. - Except where otherwise expressly provided herein, whenever an action referred to in this Agreement is to be “approved”, “decided” or “determined” by a Party or requires a Party’s “consent”, then (i) such approval, decision, determination or consent by a Party must be in writing, and (ii) such Party shall be free to take such action having regard to that Party’s own interests, in its sole and absolute discretion.

1.3 Conflicts between Parts of Agreement

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule or any document delivered pursuant to this Agreement, the provision of the body of this Agreement shall prevail.

1.4 Applicable Law and Submission to Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of NL and the Federal laws of Canada applicable therein, but excluding all choice-of-law provisions. Subject to **Article 12**, the Parties irrevocably consent and submit to the exclusive jurisdiction of the courts of NL with respect to all matters relating to this Agreement, subject to any right of appeal to the Supreme Court of Canada. Each Party waives any objection that it may now or hereafter have to the determination of venue of any proceeding in such courts relating to this Agreement or that it may now or hereafter have that such courts are an inconvenient forum.

1.5 Schedules

The following are the Schedules attached to and incorporated by reference in this Agreement, which are deemed to be part hereof:

Schedule A – Supplemental Agreements

A1 - Area Adequacy Reviews (Atlantic Provinces)

A2 - Operating Reserve Agreement

A3 - Emergency and Security Energy Transactions

A4 - Maritimes Link ACE Management and Inadvertent Energy

Schedule B – Description of Interconnection Facilities

Schedule C – Functional Operating Relationship

Schedule D – Outline of ML Transmission Procedures

ARTICLE 2 PURPOSE AND SCOPE OF AGREEMENT

2.1 Purpose and Scope of Agreement

The purpose of this Agreement is to provide for the safety, Reliability and operability of the Interconnection Facilities in conjunction with the interconnected NS Transmission System and NL Transmission System and through coordinated scheduling of the Interconnection Facilities. The purpose of this Agreement is also to provide for emergency assistance and to provide for the procedures associated with Inadvertent Interchange accounting and interchange scheduling between the NS Transmission System and the NL Transmission System.

This Agreement establishes a framework for the following functions related to the Reliability and the optimization of interconnected operations between the Parties:

- (a) coordinating the operation of the NS Transmission System, the NL Transmission System and the Interconnection Facilities;
- (b) ensuring compliance with the requirements of their respective Standards Authorities;
- (c) developing and issuing Operating Instructions and Security Limits for the Interconnection Facilities: (i) to ensure secure and reliable operation of the Interconnection Facilities; (ii) to comply with the requirements of Standards Authorities; and (iii) to the extent that interconnected operations may affect the Reliability of either system, to ensure secure and reliable operation of the NS Transmission System and the NL Transmission System;
- (d) implementing the respective Reliability Standards applicable to each Party;
- (e) conducting operating performance reviews of the Interconnection Facilities;
- (f) providing assistance between the NL Transmission System and the NS Transmission System in an Emergency and in respect of system restoration;
- (g) developing procedures to notify adjacent areas of new or modified facilities that are anticipated to have an impact on the Reliability or operability of either of the NL Transmission System or the NS Transmission System; and
- (h) coordinating and administering matters relating to transmission service and transmission access as they relate to the Reliability and operability of the NS Transmission System or the NL Transmission System.

ARTICLE 3 MUTUAL BENEFITS

3.1 No Charge for Mutual Benefits of Interconnection

The NL Transmission System and the NS Transmission System, by virtue of being connected to each other, will share Mutual Benefits. NLH and NSPI shall not charge one another for Mutual Benefits.

3.2 Maintenance of Mutual Benefits

The Parties shall endeavour to coordinate the operation of the Interconnection Facilities to realize Mutual Benefits. The Parties recognize that circumstances beyond their control, such as operating configurations, contingencies, maintenance or actions by third parties, may result in a reduction of Mutual Benefits. Neither Party shall be obligated to provide compensation in any form to the other Party for any reduction of Mutual Benefits.

ARTICLE 4
INTERCONNECTED OPERATION

4.1 Operational Control

The Parties shall have Operational Control, for the purpose of system operations, over the portions of the Interconnection Facilities on their respective sides of the Interconnection Point. Notwithstanding the foregoing: (i) the Reliability Standards for the NS Transmission System shall apply to the Interconnection Facilities; and (ii) each owner of generation and transmission resources shall continue to be otherwise responsible for the operation and maintenance of its own facilities.

4.2 Adoption and Compliance with Reliability Standards

To the extent that the operation of the Interconnection Facilities may affect the Reliability of either system, the Parties shall adopt, enforce and comply with requirements and standards that will safeguard Reliability of the interconnected NS Transmission System and NL Transmission System. NSPI and NLH shall each comply at all times with their respective Reliability Standards.

4.3 Obligation to Remain Interconnected

The Parties shall, following the Commercial Operation Date, operate or direct the operation of their respective Transmission Systems so that they remain interconnected at the Nominal Transfer Capability, except:

- (a) during the occurrence of an event of Force Majeure which renders a Party unable to remain interconnected;
- (b) when the Interconnection Facilities are opened in accordance with the terms of an Operating Instruction or, if the Operating Instruction does not anticipate a particular circumstance, where there is an imminent risk of equipment failure, danger to personnel or the public, damage to the environment, or risk to Security or Reliability of a Transmission System, which cannot be avoided by Good Utility Practice; or
- (c) during planned maintenance where notice has been given in accordance with outage procedures as implemented by the Interconnection Operators Committee.

4.4 Notification of Circumstances

In the event that the Interconnection Facilities are to be opened or if the Interconnection Facilities transfer capability is to be changed, the Party which plans to initiate the opening of, or the transfer capability change, shall provide the other Party with notification indicating the circumstances of the opening of the Interconnection Facilities and/or the change in its transfer capability, and the expected restoration time. These notifications shall be given in accordance with procedures implemented by the Interconnection Operators Committee. For greater certainty, all references herein to changes in transfer capability refer to operational

adjustments made by a Party to address transient system conditions and shall not be taken as conferring either Party with a right to make permanent or long-term changes to the transfer capability of the Interconnection Facilities.

4.5 Reliability Coordination and Reliability Assessment of Outages

Both Parties agree to provide each other with appropriate updates on planned outage schedules and other activities that may impact on the transfer capability of the Interconnection Facilities. Such updates shall be provided no less frequently than semi-annually.

The Parties shall jointly determine the System Operating Limits and Interconnection Reliability Operating Limits for the Interconnection Facilities. Consistent with such System Operating Limits and Interconnection Reliability Operating Limits, the Parties shall interact with other Balancing Authority Areas and Reliability Coordinators to perform Reliability coordination and Reliability assessments of outages.

4.6 Control and Monitoring

Each Party shall provide or arrange for continuous control and monitoring of the portion of the Interconnection Facilities for which it is responsible, as specified in **Schedule B**.

4.7 Control and Dispatch of Reactive Power

The Parties will develop control and dispatch operating instructions and procedures for scheduling reactive power required at their respective terminals of the Maritime Link.

4.8 Real Power Transfers

For the purposes of the subject matter of this Agreement, real power will be considered to have transferred over the Interconnection Facilities at the Delivery Point. The NSPSO and NLSO shall both approve the scheduled real power transfers at the Delivery Point in compliance with standards and procedures established by the Interconnection Operators Committee. Such standards and procedures shall accord with the relevant standards adopted by NERC. The NSPSO will be responsible for setting the power flow for the Delivery Point in the Interconnection Facilities control system unless required otherwise by the procedures established by the Interconnection Operators Committee.

4.9 Inadvertent Interchange

The Parties will develop procedures for inadvertent energy management and accounting in accordance with the standards and procedures adopted by NERC.

4.10 Reserve Sharing

The Parties will share energy and reserves to improve Reliability to their respective customers while respecting each Party's obligations to comply with its respective Reliability Standards and NSP's obligations to comply with its current obligations under the NB Reserve

Sharing Agreement. The Parties shall establish the formal reserve sharing agreement as referenced at **Schedule A2** which shall form part of this Agreement.

4.11 Completion of Supplemental Agreements

The Parties shall complete the Supplemental Agreements associated with **Schedule A2** by no later than one year prior to the anticipated Commercial Operation Date.

**ARTICLE 5
EMERGENCY ASSISTANCE**

5.1 Emergency Assistance

To the extent practical in accordance with Good Utility Practice and all applicable Reliability Standards, each Party shall exercise due diligence to mitigate an Emergency occurring on its respective Transmission System that affects the Interconnection Facilities. Without limiting the foregoing, where appropriate, each Party shall strive to implement commercial transactions to assist in mitigating such Emergency as soon as possible.

5.2 Emergency Energy Transactions

Each Party shall, to the maximum extent it deems consistent with the safe and proper operation of its respective Transmission System, provide Emergency Energy to the other Party in accordance with the provisions of **Schedules A3** and **C9.0**.

**ARTICLE 6
EXCHANGE OF INFORMATION AND CONFIDENTIALITY**

6.1 Information

NSPI and NLH agree to exchange such information as may be required from time to time for the purpose of implementing this Agreement, including such information necessary for the Interconnection Operators Committee to perform its duties. Such information will be comprised of but not limited to the following:

- (a) information required for developing Operating Instructions;
- (b) Transmission System facility specifications and modeling data required to perform Security analysis;
- (c) functional descriptions of Transmission System protective devices and communication facilities;
- (d) ratings data, and associated ratings methodologies, for Interconnection Facilities;
- (e) telemetry points, equipment alarms and status points required for real time monitoring of Security dispatch;

- (f) data required for reconciling accounts for Inadvertent Interchange, and for Emergency Energy transactions;
- (g) commercially valuable Transmission System information concerning such things as transfer capabilities, physical curtailments and interruptions, and ancillary services, provided however that this commercially valuable Transmission System information shall not be shared by the receiving Party with Marketing Personnel; and
- (h) such other information as may be reasonably required for the Parties to maintain the reliable operation of their interconnected Transmission Systems and fulfill their obligations under this Agreement and to any Standards Authority exercising jurisdiction over such Party, provided, however, that this other information will be exchanged only if it can be done in accordance with applicable restrictions on the disclosure of information to any Marketing Personnel.

6.2 Incorporation of Project NDA

The Parties agree that the Project NDA is incorporated in this Agreement by reference and applies to all Confidential Information disclosed by either Party to the other under or in connection with this Agreement, the Party disclosing Confidential Information being a Disclosing Party as defined in the Project NDA, and the Party receiving Confidential Information being a Receiving Party as defined in the Project NDA.

6.3 Disclosure of Agreement

Each Party hereby agrees to the other Party making the body of this Agreement public at any time and from time to time after the Effective Date. Neither Party may make any Schedule public without the consent of the other Party, which consent shall not be unreasonably withheld.

ARTICLE 7 INTERCONNECTION OPERATORS COMMITTEE

7.1 Interconnection Operators Committee Inauguration and Authorization

The Parties shall form an Interconnection Operators Committee under this Agreement. Within 30 days of the Effective Date, each of the Parties shall appoint at a minimum two representatives, a principal and an alternate, to serve as members of the Interconnection Operators Committee with the authority to act on their behalf with respect to actions or decisions taken by the Interconnection Operators Committee. A Party may, at any time upon providing prior Notice to the other Party, designate a replacement principal member or alternate member to the Interconnection Operators Committee.

7.2 Interconnection Operators Committee Duties and Responsibilities

The Interconnection Operators Committee shall administer the implementation of the provisions of this Agreement. The Interconnection Operators Committee shall develop and

adopt policies, instructions and recommendations relating to the Parties' performance of their obligations under this Agreement, attempt to resolve Disputes between the Parties pursuant to **Article 12** and shall undertake any other actions specifically delegated to it pursuant to this Agreement.

Any recommendations made by the Interconnection Operators Committee regarding revisions to this Agreement or Supplemental Agreements contained in **Schedule A** shall be provided to each Party's appropriate corporate officers for approval.

Any recommendations made by the Interconnection Operators Committee regarding revisions to documents contained in **Schedule B** (Description of Facilities) or **Schedule C** (Operating Instructions) may be approved by the written mutual agreement of the Interconnection Operators Committee members from NLH and NSPI and signed by an Interconnection Operators Committee member from each party. Such approval shall not be unreasonably withheld. The Interconnection Operators Committee shall use commercially reasonable efforts to complete the documentation contemplated by **Schedules B** and **C** as soon as practicable and in any event by no later than 12 months prior to the anticipated Commercial Operation Date, and shall be empowered to amend and revise such documentation as required without the re-signing of this Agreement.

Subject to the preceding paragraph, the Interconnection Operators Committee shall undertake to jointly develop and authorize Operating Instructions to implement the intent of this Agreement in accordance with **Schedule C1.0** (Procedures for Development and Authorization of Operating Instructions). The Interconnection Operators Committee has the authority to strike sub-committees as required to initiate reviews or studies of various operational issues, such as the operating performance of the Interconnection Facilities.

The Interconnection Operators Committee shall complete and implement the ML Transmission Procedures contained in **Schedule D** by no later than 18 months prior to the anticipated Commercial Operation Date.

Should the terms and conditions contained in this Agreement be found to conflict with or fail to recognize the requirements of a Standards Authority exercising jurisdiction over either Party or other regulatory requirements, the Parties agree to attempt in good faith to negotiate amendments to this Agreement that allow the affected Party to comply with the requirements of its Standards Authority or other applicable regulatory requirements. For clarity, a Party shall not be required to amend this Agreement where the amendment would result in regulatory requirements applicable to the other Party being imposed upon such Party.

7.3 Limitations of Interconnection Operators Committee Authority

While each Party may incur expenses that may result from the Interconnection Operators Committee's administration of the implementation of this Agreement, the Interconnection Operators Committee has no authority to commit or otherwise contractually bind either Party to incur or pay any costs or expenditures.

7.4 Exercise of Interconnection Operators Committee Duties

The Interconnection Operators Committee shall strive to hold semi-annual meetings and in any event shall hold meetings no less frequently than once each calendar year. The matters to be addressed at all meetings shall be specified in an agenda, which shall contain items specified by either Party in advance of the meeting and sent to the representatives of the other Party. All decisions of the Interconnection Operators Committee must be unanimous and are binding upon both Parties. More specifically, the decisions may be unanimously affirmative or negative, however a lack of unanimity between the members of the Interconnection Operators Committee shall be interpreted as a negative decision. Furthermore, all decisions of the Interconnection Operators Committee shall be final and shall not be subject to dispute resolution in accordance with **Article 12**.

Special meetings may be called at any time if the Interconnection Operators Committee deems such meetings to be necessary or appropriate.

Subject to the limitations on its authority as described in this **Article 7**, the Interconnection Operators Committee has the responsibility and authority to take action on all aspects of this Agreement, including the following:

- (a) preparing, amending, adding or cancelling **Schedules B and C** and the attached appendices or Operating Instructions;
- (b) preparing and amending the ML Transmission Procedures;
- (c) assessing non-compliance with this Agreement and, subject to **Article 12**, taking of appropriate action in respect thereof;
- (d) documenting decisions related to the initial resolution of Disputes, or in cases of unresolved Disputes, the circumstances relevant to the Dispute in question as contemplated by the requirements of **Article 12**; and
- (e) preparing documentation and retaining and distributing Interconnection Operators Committee meeting minutes and agendas.

7.5 Compliance with Directives of the Interconnection Operators Committee

Each Party shall direct the operation of the Interconnection Facilities over which it has been assigned operational responsibility pursuant to **Section 4.1** in accordance with its obligations under its respective tariffs, rules and standards and pursuant to applicable directions of the Interconnection Operators Committee that conform with the applicable tariffs, rules and standards. The Interconnection Operators Committee direction includes decisions and jointly-developed and approved Operating Instructions. If decisions of the Interconnection Operators Committee do not anticipate or provide for a particular circumstance, the Parties shall act in accordance with Good Utility Practice.

7.6 **Expenses**

Each of the Parties shall pay the expenses of its own members on the Interconnection Operators Committee. Any expenses jointly incurred by the Interconnection Operators Committee for activities pertaining to the Interconnection Operators Committee shall be shared equally by the Parties hereto or in such other proportion as may be agreed upon by the Interconnection Operators Committee.

The Interconnection Operators Committee has no authority to commit either Party to any expenditure that is beyond those expenses described herein.

ARTICLE 8
OPERATIONAL INFORMATION

8.1 **Obligation to Provide Operational Monitoring Facilities**

The Parties shall ensure that appropriate monitoring facilities are installed for the Interconnection Facilities as required to provide for electric power quantities or equipment loading to enable monitoring of Security Limits and Inadvertent Interchange that meet requirements of each applicable Standards Authority.

8.2 **Obligation to Provide Points of Operational Data**

The points of data for operating information are those points as may be agreed in writing by the Interconnection Operators Committee.

ARTICLE 9
INTERCONNECTION REVENUE METERING

9.1 **Obligation to Provide Revenue Metering**

The Parties shall ensure appropriate electric revenue metering devices, including back-up metering equipment, are installed on the Interconnection Facilities as required to measure electric power quantities for managing Inadvertent Interchange accounting.

9.2 **Standards for Metering Equipment**

Any Metering Equipment used to measure Metered Quantities for accounting purposes shall be designed, verified, sealed and maintained in accordance with the requirements of the *Electricity and Gas Inspection Act* (Canada) and the Party's respective metering standards or as otherwise agreed to by the Interconnection Operators Committee.

9.3 **Meter Compensation to the Delivery Point**

The metering compensation for Transmission Losses to the Delivery Point shall be determined by the Party's respective standards or otherwise agreed to by the Interconnection Operators Committee.

9.4 **Meter Readings**

Meters shall be read in accordance with the procedures established by the Interconnection Operators Committee from time to time.

9.5 **Inspection and Testing**

Any authorized representative of either of the Parties shall have access to the billing meters associated with the Maritime Link for the purpose of reading the same. The accuracy of the meters shall be verified at regular intervals and by tests as agreed to by the Interconnection Operators Committee, and at any other time upon reasonable Notice given by either of the Parties hereto to the other, and each of the Parties hereto shall be entitled to have a representative present at such verification.

The work of testing and adjusting any meter shall be performed by, and at the expense of, the party owning the meter, provided that such a test is not called for more often than the regular intervals established by the Interconnection Operators Committee. If either of the Parties hereto shall more frequently request the verification of the meter, and the verification of the meter proves it to be accurate within two percent, the additional verification shall be at the expense of the Party requesting it. In the event that inaccuracies of greater than two percent are discovered, retroactive billing adjustments, if any, shall be determined by the Interconnection Operators Committee.

9.6 **Meters Out of Service**

When billing meters are out of service for testing or repairs or because of failure or malfunction, electrical power and energy flow during the period of the outage or malfunction shall be determined from other meter readings, if available, or if not available, shall be estimated and agreed to in accordance with the methodology agreed to by the Interconnection Operators Committee. If the Interconnection Operators Committee is unable to agree on a settlement, the issue will be dealt with using the dispute resolution process of **Article 12**.

ARTICLE 10
LIABILITY

10.1 **Force Majeure**

If by reason of an event of Force Majeure, a Party is not reasonably able to fulfil an obligation, other than an obligation to pay or spend money, in accordance with the terms of this Agreement, then such Party shall:

- (a) forthwith provide Notice to the other Party of such Force Majeure, or orally so notify such other Party (confirmed in writing), which Notice (and any written confirmation of an oral notice) shall provide reasonably full particulars of such Force Majeure;

- (b) be relieved from fulfilling such obligation or obligations during the continuance of such Force Majeure but only to the extent of the inability to perform so caused, from and after the occurrence of such Force Majeure;
- (c) employ all commercially reasonable means to reduce the consequences of such Force Majeure, including the expenditure of funds that it would not otherwise have been required to expend, if the amount of such expenditure is not commercially unreasonable in the circumstances existing at such time, and provided further that the foregoing shall not be construed as requiring a Party to accede to the demands of its opponents in any strike, lockout or other labour disturbance;
- (d) as soon as reasonably possible after such Force Majeure, fulfil or resume fulfilling its obligations hereunder;
- (e) provide the other Party with prompt Notice of the cessation or partial cessation of such Force Majeure; and
- (f) not be responsible or liable to the other Party for any loss or damage that the other Party may suffer or incur as a result of such Force Majeure.

10.2 Liability to Third Parties

NLH shall indemnify and hold harmless NSPI from and against any and all Losses asserted against NSPI by a third party to the extent such Losses result from, arises out of or is related to NLH acts or omissions occurring in connection with, incidental to or arising from NLH's obligations under this Agreement, including any act or omission by an NLH employee or agent or an NLH directive or instruction to a third party.

NSPI shall indemnify and hold harmless NLH from and against any Losses asserted against NLH by a third party to the extent such Losses result from, arises out of or is related to NSPI acts or omissions occurring in connection with, incidental to or arising from NSPI's obligations under this Agreement, including any act or omission by an NSPI employee or agent or an NSPI directive or instruction to a third party.

10.3 Liability Between Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other shall be no greater than as expressly stated herein. Neither Party, its directors, officers, trustees, employees or agents, shall be liable to the other Party for any Losses, whether direct, indirect, incidental, punitive, special, exemplary or consequential, arising from the other Party's performance or non-performance under this Agreement, except to the extent that a Party is found liable for gross negligence or wilful misconduct, in which case the Party responsible shall be liable only for direct and ordinary damages and not for any incidental, consequential, punitive, special, exemplary or indirect damage. This **Section 10.3** shall survive any termination of this Agreement.

10.4 **Liability for Interruptions**

Neither Party shall be liable to the other Party for any Losses, whether direct, indirect, incidental, punitive, special, exemplary or consequential, resulting from an occurrence on the circuits or system that are under its Operational Control and which results in damage to or renders inoperative the circuits or system of the other Party, or the disconnection of the systems in an Emergency, or interrupts or diminishes service, or increases, decreases or in any way affects for whatever length of time the voltage or frequency of the energy delivered hereunder to the other Party. This **Section 10.4** shall survive any termination of this Agreement. For greater certainty, this **Section 10.4** shall not affect the liability of the Parties or their Affiliates pursuant to any other agreement.

ARTICLE 11
TERM AND TERMINATION

11.1 **Term**

The term of this Agreement (the “**Term**”) shall commence on the Effective Date and shall terminate in accordance with **Section 11.2**.

11.2 **Termination**

This Agreement, including the Supplemental Agreements, shall, subject to this **Section 11.2**, terminate upon the earliest to occur of either of the following events:

- (a) written agreement of the Parties to terminate; or
- (b) Nalcor Non-Sanction, as defined in the ML-JDA.

Notwithstanding the foregoing, in no event shall this Agreement be subject to termination pursuant to this **Section 11.2** prior to the termination date of the Energy and Capacity Agreement or any power purchase agreement entered into between Nalcor and Emera pursuant to Section 8.6 of the Maritime Link Joint Development Agreement.

ARTICLE 12
DISPUTE RESOLUTION

12.1 **General**

In the event of a Dispute that is not resolved by the Interconnection Operators Committee within seven days of the reference to the Interconnection Operators Committee of such Dispute, notwithstanding the provisions otherwise requiring unanimity of the Interconnection Operations Committee in **Section 7.4**, each Party shall, within 14 days' Notice by either Party to the other, designate a senior officer with authority and responsibility to resolve the Dispute and refer the Dispute to them. The senior officer designated by each Party shall have authority to make decisions on its behalf with respect to that Party's rights and obligations under this Agreement. The senior officers, once designated, shall promptly begin discussions in a good faith effort to agree

upon a resolution of the Dispute. If the senior officers do not agree upon a resolution of the Dispute within 14 days of its referral to them, or do not within the same 14 day period agree to refer the matter to some individual or organization for alternate dispute resolution, then either Party shall have the right to pursue any and all remedies available to it at law or in equity. Neither the giving of notice of a Dispute, nor the dependency of any Dispute resolution process as described in this **Section 12.1** shall deprive a Party of its rights or relieve a Party of its obligations under this Agreement, extend any notice period described in this Agreement or extend any period in which a Party must act as described in this Agreement.

ARTICLE 13 INVOICING AND PAYMENT

13.1 Invoices

Unless otherwise provided in this Agreement with respect to specific payments, the calendar month is the standard period for invoicing amounts payable by a Party (the “**Payor**”) to the other Party (the “**Payee**”) hereunder. On or before the 15th day of each calendar month, the Payee shall provide an invoice to the Payor for all amounts in respect of the preceding month chargeable by the Payee to the Payor and, subject to **Section 13.8**, any amounts not previously invoiced to the Payor. The Payee shall provide with the invoice such supporting documents and information as the Payor may reasonably require to verify the accuracy of the fees, charges and third party charges invoiced (the “**Supporting Material**”).

13.2 Disputed Amounts

Within 30 days after receipt of an invoice from the Payee, the Payor shall report in writing to the Payee any disputed amounts in the invoice, specifying the reasons therefor.

13.3 Time and Method of Payment

Within 30 days after its receipt of a properly prepared invoice, accompanied by acceptable Supporting Material, the Payor shall pay to the Payee the amount stated on the invoice less any amounts disputed pursuant to **Section 13.2** and any withholding required by Applicable Law. The Payor shall make payment by electronic funds transfer or other mutually agreed method to an account designated by the Payee.

13.4 Effect of Payment

Notwithstanding **Section 13.2**, payment of an invoice will not prejudice the right of the Payor to dispute the correctness of the invoice for a period of up to two years after the end of the calendar year in which the Payor received the invoice. Failure by the Payor to dispute charges will not be deemed to be acceptance of the charges or preclude the Payor from subsequently disputing an amount or conducting an audit of the charges within two years after the end of the calendar year in which the Payor received the invoice. Any charges not disputed in writing by the Payor within two years after the end of the calendar year in which the Payor received the invoice for such charges will conclusively be presumed to be true and correct.

13.5 **Resolution of Objections**

The Parties shall make good faith efforts to resolve any disputed amounts by mutual agreement within 60 days after the Payee's receipt of a notification of disputed amounts pursuant to **Section 13.2**. If the disputed amounts are not resolved within such period, or such extended period as may be agreed in writing by the Parties, the disputed amounts will constitute a Dispute and may be submitted by either Party for resolution pursuant to **Article 12**. Once the disputed amounts are resolved, the Payor shall pay any amount determined to be owing to the Payee within five Business Days after the Payor receives an invoice from the Payee for such amount.

13.6 **Overpayments**

Within 15 Business Days after a Payee's discovery or receipt of written evidence of an overpayment, the Payee shall refund the overpayment to the Payor.

13.7 **Interest on Overdue Amounts**

Any amount not paid by either Party when due, including any charge disputed by the Payor pursuant to **Section 13.2** and subsequently determined to be valid, which shall be considered to have been due on its original due date pursuant to **Section 13.3**, and any refund of an overpayment pursuant to **Section 13.6**, will bear interest at the Prime Rate plus three percent per annum, calculated daily not in advance, from the date upon which the payment became due to and including the date of payment, and interest accrued will be payable on demand.

13.8 **Waiver of Unbilled Charges**

If a Payee entitled to payment in respect of an amount paid by the Payee to a third party fails to invoice the Payor pursuant to this **Article 13** for such amount within six months after the date the Payee made payment to the third party, the right to such payment by the Payor is waived. Notwithstanding the foregoing, a Party may recover Taxes pursuant to a statutory right to recover such Taxes, including the right to recover HST pursuant to Section 224 of the Excise Tax Act.

ARTICLE 14
TAXES

14.1 **Supplies and Payments Exclusive of Taxes**

- (a) Payment of Taxes - Each Party is separately responsible for, and shall in a timely manner discharge, its separate obligations in respect of the payment, withholding and remittance of all Taxes in accordance with Applicable Law.
- (b) HST - Notwithstanding **Section 14.1(a)**, the Parties acknowledge and agree that:
 - (i) all amounts of consideration, or payments and other amounts due and payable to or recoverable by or from the other Party, under this Agreement are exclusive of any Taxes that may be exigible in respect of such payments or other amounts (including, for greater certainty, any applicable HST), and if

any such Taxes shall be applicable, such Taxes shall be in addition to all such amounts and shall be paid, collected and remitted in accordance with Applicable Law;

- (ii) if subsection 182(1) of the Excise Tax Act applies to any amount payable by one Party to the other Party, such amount shall first be increased by the percentage determined for "B" in the formula in paragraph 182(1)(a) of the Excise Tax Act, it being the intention of the Parties that such amount be grossed up by the amount of Taxes deemed to otherwise be included in such amount by paragraph 182(1)(a) of the Excise Tax Act;
 - (iii) if one Party is required to collect Taxes pursuant to this Agreement, it shall forthwith provide to the other Party such documentation required pursuant to **Section 14.3**; and
 - (iv) if one Party incurs an expense as agent for the other Party pursuant to this Agreement, that Party shall not claim an input tax credit in respect of any Taxes paid in respect of such expense, and shall obtain and provide all necessary documentation required by the other Party to claim, and shall cooperate with the other Party to assist it in claiming, such input tax credit.
- (c) Changes in Taxes - Subject to **Section 14.1(b)**, any New Taxes shall be paid by the Party on whom such New Taxes are imposed by Applicable Law.
- (d) Income Taxes - For greater certainty:
- (i) NSPI and its Affiliates are solely responsible for the payment of income taxes and HST payable by NSPI and its Affiliates, as the case may be; and
 - (ii) NLH and its Affiliates are solely responsible for the payment of income taxes and HST payable by NLH and its Affiliates, as the case may be.

14.2 Determination of Value for Tax Compliance Purposes

- (a) Subject to the right of final determination as provided under **Section 14.2(b)**, the Parties agree to co-operate in determining a value for any property or service supplied pursuant to this Agreement for non-cash consideration.
- (b) If a Party supplying a property or service under this Agreement for non-cash consideration is required to collect Taxes in respect of such supply, or if a Party acquiring a property or service under this Agreement for non-cash consideration is required to self-assess for Taxes in respect of such property or service, that Party shall determine a value expressed in Canadian dollars for such property or service for purposes of calculating the Taxes collectable or self-assessable, as applicable.

14.3 Invoicing

All invoices issued pursuant to **Article 13** shall include all information prescribed by Applicable Law together with all other information required to permit the Party required to pay Taxes, if any, in respect of such supplies to claim input tax credits, refunds, rebates, remission or other recovery, as permitted under Applicable Law. Without limiting the foregoing, except as otherwise agreed to by the Parties in writing, all invoices issued pursuant to this Agreement shall include all of the following particulars:

- (a) the HST registration number of the supplier;
- (b) the subtotal of all HST taxable supplies;
- (c) the applicable HST rate(s) and the amount of HST charged on such HST taxable supplies; and
- (d) a subtotal of any amounts charged for any “exempt” or “zero-rated” supplies as defined in Part IX of the Excise Tax Act.

14.4 Payment and Offset

- (a) Subject to **Section 14.4(b)**, Taxes collectable by one Party from the other Party pursuant to this Agreement will be payable in immediately available funds within 30 days of receipt of an invoice.
- (b) A Party may offset amounts of Taxes owing to the other Party under this Agreement against Taxes or other amounts receivable from the other Party pursuant to this Agreement, subject to reporting and remittance of such offset Taxes in accordance with Applicable Law.

14.5 HST Registration Status and Residency

- (a) NLH represents and warrants that it is registered for purposes of the HST and that its registration number is 121394928 RT 0001, and undertakes to advise NSPI of any change in its HST registration status or number.
- (b) NSPI represents and warrants that it is registered for purposes of the HST and that its registration number is 11931 4938 RT 0001, and undertakes to advise NLH of any change in its HST registration status or number.
- (c) NLH represents and warrants that it is not a non-resident of Canada for the purposes of the Income Tax Act, and undertakes to advise NSPI of any change in its residency status.
- (d) NSPI represents and warrants that it is not a non-resident of Canada for the purposes of the Income Tax Act, and undertakes to advise NLH of any change in its residency status.

14.6 **Cooperation to Minimize Taxes**

Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the Parties to minimize all Taxes in accordance with Applicable Laws, so long as neither Party is materially adversely affected by such efforts. Each Party shall obtain all available exemptions from or recoveries of Taxes and shall employ all prudent mitigation strategies to minimize the amounts of Taxes required to be paid in accordance with Applicable Law in respect of this Agreement. If one Party obtains any rebate, refund or recovery in respect of any such Taxes, it shall immediately be paid to such other Party to the extent that such amounts were paid by such other Party (and not previously reimbursed).

14.7 **Additional Tax Disclosure**

Notwithstanding any other provision in this Agreement, unless otherwise agreed to by the Parties in writing, each of the Parties agrees to provide to the other Party, in writing, the following additional information for the purposes of assisting the other Party with the application of Taxes to the Parties in respect of this Agreement:

- (a) whether a particular supply is, or is not, subject to HST or to any other Tax which a Party is required to pay to the supplier of such supply;
- (b) whether the recipient of consideration or other form of payment under this Agreement is not resident in Canada for the purposes of the Income Tax Act, and, where such recipient is receiving such payment as agent for another Person, whether such other Person is not resident in Canada for the purposes of the Income Tax Act; and
- (c) any other fact or circumstance within the knowledge of a Party which the other Party advises the Party, in writing, is relevant to a determination by the other Party of whether it is required to withhold and remit or otherwise pay a Tax to an Authorized Authority or other Tax authority in respect of such supply, consideration or payment.

In addition to the notification required under this Section, each Party undertakes to advise the other Party, in a timely manner, of any material changes to the matters described in **Sections 14.7(a) through 14.7(c)**.

14.8 **Prohibited Tax Disclosure**

Except as required by Applicable Law, notwithstanding any other provision of this Agreement, each Party shall not make any statement, representation, filing, return or settlement regarding Taxes on behalf of the other Party to an Authorized Authority without the prior written consent of such other Party.

14.9 **Withholding Tax**

If required by the Applicable Laws of any country having jurisdiction, a Party shall have the right to withhold amounts, at the withholding rate specified by such Applicable Law, from any compensation payable pursuant to this Agreement by such Party, and any such amounts paid by such Party to an Authorized Authority pursuant to such Applicable Law shall, to the extent of such payment, be credited against and deducted from amounts otherwise owing to the other Party hereunder. Such Party shall note on each applicable invoice whether any portion of the supplies covered by such invoice was performed inside or outside of Canada for the purposes of Canadian income tax legislation or such other information requested or required by the other Party to properly assess withholding requirements. At the request of the other Party, the Party shall deliver to the other Party properly documented evidence of all amounts so withheld which were paid to the proper Authorized Authority for the account of the other Party.

14.10 **Tax Indemnity**

Each Party (in this Section referred to as the "First Party") shall indemnify and hold harmless the other Party from and against any demand, claim, payment, liability, fine, penalty, cost or expense, including accrued interest thereon, relating to any Taxes for which the First Party is responsible under **Article 14** or relating to any withholding Tax arising on account of the First Party being or becoming a non-resident of Canada for the purposes of the Income Tax Act. Without limiting the generality of the foregoing, and subject to the obligation of the Parties to pay HST pursuant to **Section 14.1(b)**, each Party shall be liable for and defend, protect, release, indemnify and hold the other Party harmless from and against:

- (a) any and all Taxes imposed by any Authorized Authority on the other Party in respect of this Agreement, and any and all Claims including payment of Taxes which may be brought against or suffered by the other Party or which the other Party may sustain, pay or incur in conjunction with the foregoing as a result of the failure by the Party to pay any and all Taxes imposed as stated herein; and
- (b) any and all Taxes imposed by any Authorized Authority in respect of the supplies contemplated by this Agreement, and any and all Claims (including Taxes) which may be brought against or suffered by the other Party or which the other Party may sustain, pay or incur in conjunction with the foregoing as a result of the failure by the Party to pay any and all Taxes imposed as stated herein.

14.11 **Additional Tax Indemnity**

If one Party (in this Section referred to as the "First Party") is, at any time, a non-resident of Canada for the purposes of the Income Tax Act or the Applicable Law of a foreign jurisdiction, the First Party agrees to pay the other Party, and to indemnify and save harmless the other Party from and against any and all amounts related to any application or withholding of Taxes required by the laws of the jurisdiction outside of Canada in which the First Party is resident at such time (in this Section referred to as the "Foreign Jurisdiction") on payments made (or consideration provided) pursuant to this Agreement by the other Party to the First Party, provided that:

- (a) any such amount payable by the other Party pursuant to this Section shall be reduced by the amount of such Taxes, if any, which the other Party is able to recover by way of a Tax credit or other refund or recovery of such Taxes; and
- (b) for greater certainty, this Section shall only apply to any application or withholding of Taxes imposed by the Foreign Jurisdiction on amounts payable (or consideration provided) by the other Party to the First Party under this Agreement, and shall not apply to any Taxes imposed by the Foreign Jurisdiction on the other Party (or any Affiliate thereof) that may be included in calculating any amounts payable under any other Section of this Agreement.

14.12 Assignment – Tax Requirements

Notwithstanding any other provision in this Agreement, except as otherwise agreed to by the Parties in writing, a Party shall not assign any of its interest in this Agreement to another Person unless:

- (a) the Person is registered for HST purposes and provides the other Party with its HST registration number in writing prior to such assignment;
- (b) if the Person has a tax residency status that is different than the tax residency status of the Party, the Party has obtained the prior written approval of the other Party of the proposed assignment to the Person; and
- (c) the Person agrees, in writing, to comply with the provisions of this **Article 14**.

**ARTICLE 15
REPRESENTATIONS AND WARRANTIES**

15.1 NLH Representations and Warranties

NLH represents and warrants to NSPI that, as of the Effective Date:

- (a) it is duly organized and validly existing under the Applicable Law of the jurisdiction of its formation and is qualified to conduct its business to the extent necessary in each jurisdiction in which it will perform its obligations under this Agreement;
- (b) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary corporate action on the part of NLH and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any Applicable Law;
- (c) this Agreement has been duly executed and delivered on its behalf by its appropriate officers and constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or

other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity whether considered in a proceeding in equity or at law;

- (d) no Insolvency Event has occurred, is pending or being contemplated by it or, to its Knowledge, threatened against it;
- (e) except as disclosed by it to NSPI in writing on or before the Effective Date, there are no Legal Proceedings pending or, to its Knowledge, threatened against it that may materially adversely affect its ability to perform its obligations under this Agreement; and
- (f) no consent or other approval, order, authorization or action by, or filing with, any Person is required to be made or obtained by such Party for such Party's lawful execution, delivery and performance of this Agreement, except for (i) such consents, approvals, authorizations, actions and filings that have been made or obtained prior to the date hereof, (ii) such consents, approvals, authorizations, actions and filings the failure of which would not have, or could not reasonably be expected to have, a material adverse effect on such Party's ability to perform its obligations under this Agreement, and (iii) the Regulatory Approvals.

15.2 NSPI Representations and Warranties

NSPI represents and warrants to NLH that, as of the Effective Date:

- (a) it is duly organized and validly existing under the Applicable Law of the jurisdiction of its formation and is qualified to conduct its business to the extent necessary in each jurisdiction in which it will perform its obligations under this Agreement;
- (b) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary corporate action on the part of NSPI and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any Applicable Law;
- (c) this Agreement has been duly executed and delivered on its behalf by its appropriate officers and constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity whether considered in a proceeding in equity or at law;
- (d) no Insolvency Event has occurred, is pending or being contemplated by it or, to its Knowledge, threatened against it;
- (e) there are no Legal Proceedings pending or, to its Knowledge, threatened against it that may materially adversely affect its ability to perform its obligations under this Agreement; and

- (f) no consent or other approval, order, authorization or action by, or filing with, any Person is required to be made or obtained by such Party for such Party's lawful execution, delivery and performance of this Agreement, except for (i) such consents, approvals, authorizations, actions and filings that have been made or obtained prior to the date hereof, (ii) such consents, approvals, authorizations, actions and filings the failure of which would not have, or could not reasonably be expected to have, a material adverse effect on such Party's ability to perform its obligations under this Agreement, and (iii) the Regulatory Approvals.

ARTICLE 16
MISCELLANEOUS PROVISIONS

16.1 **Notices**

Notices, where required herein, shall be in writing and shall be sufficiently given if delivered personally or by courier or sent by electronic mail or facsimile transmission, directed as follows:

To NLH:

Newfoundland and Labrador Hydro
500 Columbus Drive
P.O. Box 12800
St. John's, NL
A1B 0C9
Attention: Manager, System Operations and Integration Support
Fax: (709) 737-1782

with a copy to:

Nalcor Energy
500 Columbus Drive
P.O. Box 12800
St. John's, NL
A1B 0C9
Attention: Corporate Secretary
Fax: (709) 737-1782

To NSPI:

Nova Scotia Power Inc.
5 Long Lake Drive
Halifax, NS
B3S 1N8
Attention: Director of Reliability and Control Centre Operations
Fax: (902) 428-6112

with a copy to:

Nova Scotia Power Inc.
1223 Lower Water Street
Halifax, NS
B3J 3S8
Attention: Corporate Secretary
Fax: (902) 428-6112

Such Notice shall (i) if delivered personally or by courier, be deemed to have been given or made on the day of delivery, and (ii) if sent by electronic mail or facsimile transmission and confirmed by a copy immediately sent by courier, be deemed to have been given or made on the day it was successfully transmitted by electronic mail or facsimile transmission as evidenced by automatic confirmation of receipt, provided however that if in any case such day is not a Business Day or if the Notice is received after Regular Business Hours (time and place of receipt), the Notice shall be deemed to have been given or made on the next Business Day. Either Party may change its address or fax number hereunder from time to time by giving Notice of such change to the other Party.

16.2 **Prior Agreements**

This Agreement supersedes all prior communications, understandings, negotiations and agreements between the Parties, whether oral or written, express or implied with respect to the subject matter hereof. There are no representations, warranties, collateral agreements or conditions affecting this Agreement other than as expressed herein. Each of the Parties further acknowledges and agrees that, in entering into this Agreement, it has not in any way relied upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, expressed or implied, not specifically set forth in this Agreement.

16.3 **Counterparts**

This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Signatures delivered by facsimile or electronic mail shall be deemed for all purposes to be original counterparts of this Agreement.

16.4 **Expenses of Parties**

Except as otherwise provided herein, each Party shall bear its own costs and expenses in connection with all matters relating to this Agreement, including the costs and expenses of its legal, tax, technical and other advisors.

16.5 **Announcements**

No announcement with respect to this Agreement shall be made by either Party without the prior approval of the other Party. The foregoing shall not apply to any announcement by a Party required in order to comply with Applicable Law; provided that such Party consults with the other Party before making any such announcement and gives due consideration to the views of

the other Party with respect thereto. Both Parties shall use reasonable efforts to agree on the text of any proposed announcement.

16.6 **Relationship of the Parties**

The Parties hereby disclaim any intention to create by this Agreement any partnership, joint venture, association, trust or fiduciary relationship between them. Except as expressly provided herein, neither this Agreement nor any other agreement or arrangement between the Parties pertaining to the Interconnection Facilities shall be construed or considered as creating any such partnership, joint venture, association, trust or fiduciary relationship, or as constituting either Party as the agent or legal representative of the other Party for any purpose nor to permit either Party to enter into agreements or incur any obligations for or on behalf of the other Party.

16.7 **Further Assurances**

Each of the Parties shall, from time to time, do all such acts and things and execute and deliver, from time to time, all such further documents and assurances as may be reasonably necessary to carry out and give effect to the terms of this Agreement.

16.8 **Severability**

If any provision of this Agreement is determined by a court of competent jurisdiction to be wholly or partially illegal, invalid, void, voidable or unenforceable in any jurisdiction for any reason, such illegality, invalidity or unenforceability shall not affect the legality, validity and enforceability of the balance of this Agreement or its legality, validity or enforceability in any other jurisdiction. If any provision is so determined to be wholly or partially illegal, invalid or unenforceable for any reason, the Parties shall negotiate in good faith a new legal, valid and enforceable provision to replace such illegal, invalid or unenforceable provision, which, as nearly as practically possible, has the same effect as the illegal, invalid or unenforceable provision.

16.9 **Time of the Essence**

Time shall be of the essence.

16.10 **Amendments**

No amendment or modification to this Agreement shall be effective unless it is in writing and signed by both Parties.

16.11 **No Waiver**

Any failure or delay of either Party to enforce any of the provisions of this Agreement or to require compliance with any of its terms at any time during the Term shall not affect the validity of this Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Party thereafter to enforce any and each such provision. Any consent or approval given by a Party pursuant to this Agreement shall be limited to its express terms and shall not

otherwise increase the obligations of the Party giving such consent or approval or otherwise reduce the obligations of the Party receiving such consent or approval.

16.12 No Third Party Beneficiaries

Except as otherwise provided herein or permitted hereby, this Agreement is not made for the benefit of any Person not a party to this Agreement, and no Person other than the Parties or their respective successors and permitted assigns shall acquire or have any right, remedy or claim under or by virtue of this Agreement.

16.13 Assignment

Neither Party shall be entitled to assign all or any portion of its interest in this Agreement without the prior written consent of the other Party, which consent may be arbitrarily withheld, except that, at any time and from time to time, a Party may assign its interest in this Agreement to a successor entity performing the duties of a system operator in that Party's jurisdiction.

16.14 Survival

All provisions of this Agreement that expressly or by their nature are intended to survive the termination (however caused) of this Agreement, including covenants, warranties, guarantees, releases and indemnities, continue as valid and enforceable rights and obligations (as the case may be) of the Parties, notwithstanding any such termination, until they are satisfied in full or by their nature expire.


16.15 Successors and Assigns

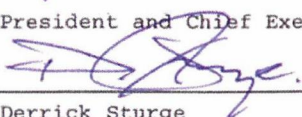
This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.


NEWFOUNDLAND AND LABRADOR HYDRO

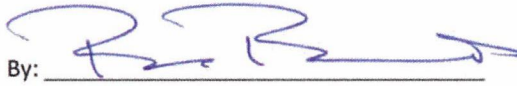
By: 
Name: Ed Martin
Title: President and Chief Executive Officer

By: 
Name: Derrick Sturge
Title: Vice-President, Finance and Chief Financial Officer

We have authority to bind the corporation.

NOVA SCOTIA POWER INCORPORATED

By: 
Name: Mark Sidebottom
Title: Vice President of Power Generation and Delivery

By: 
Name: Robert R. Bennett
Title: President and Chief Executive Officer

We have authority to bind the company.



INTERCONNECTION OPERATORS AGREEMENT

SCHEDULE A

SUPPLEMENTAL AGREEMENTS

SUPPLEMENTAL AGREEMENTS

[Confidential]

INTERCONNECTION OPERATORS AGREEMENT

SCHEDULE B

DESCRIPTION OF INTERCONNECTION FACILITIES

DESCRIPTION OF INTERCONNECTION FACILITIES

[Confidential]

INTERCONNECTION OPERATORS AGREEMENT

SCHEDULE C

FUNCTIONAL OPERATING RELATIONSHIP

FUNCTIONAL OPERATING RELATIONSHIP

[Confidential]

INTERCONNECTION OPERATORS AGREEMENT

SCHEDULE D

OUTLINE OF CONTENTS FOR THE MARTIME LINK TRANSMISSION PROCEDURES

OUTLINE OF CONTENTS FOR THE MARITIME LINK TRANSMISSION PROCEDURES

[Confidential]