

Generation Facility Connection and Cost Recovery Agreement

between

INSERT FULL CORPORATE NAME OF GENERATOR CUSTOMER

and

Hydro One Networks Inc.



for

CONNECTION OF GENERATION FACILITY

This Generation Facility Connection and Cost Recovery Agreement made in duplicate as of the _____ day of _____, 200____

I. _____ (the “**Generator Customer**”) has requested and Hydro One Networks Inc. (“**Hydro One**”) is agreeable to performing the work required to connect the Generation Facility to Hydro One’s transmission system at the Connection Point on the terms and conditions set forth in this agreement, Schedules “A” – Scope of Work- Work Chargeable to Generator Customer, “B” – Scope of Work- Work Not Chargeable to Generator Customer, “C” - Generator Connection Work, “D” - Estimated Capital Contribution, Payment Schedule and Miscellaneous, “E” – Statement of Engineering and Construction Costs, ”F” – Form of Easement and the Standard Terms and Conditions V2007-3 attached hereto (the “Standard Terms and Conditions” or ”T&C”) (collectively, the “**Agreement**”).

II. Each party represents and warrants to the other that:

- (a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
- (b) it has all the necessary corporate power, authority and capacity to enter into the Agreement and to perform its obligations hereunder;
- (c) the execution, delivery and performance of the Agreement by it has been duly authorized by all necessary corporate and/or governmental and/or other organizational action and does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a violation, a breach or a default under or give rise to termination, greater rights or increased costs, amendment or cancellation or the acceleration of any obligation under (i) its charter or by-law instruments; (ii) any contracts or instruments to which it is bound; or any laws applicable to it;
- (d) any individual executing this Agreement, and any document in connection herewith, on its behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
- (e) the Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms;
- (f) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada). The GST registration number for Hydro One is 87086-5821 RT0001 and the GST registration number for the Generator Customer is **[Insert GST Number]**; and
- (g) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution.

III. Hydro One shall use reasonable efforts to have:

- (i) **[specify asset(s)]** ready for energization to feed construction power radially to the Generation Customer Facilities by [insert date]; and
- (ii) have all of the Hydro One Work fully and completely constructed, installed, commissioned and energised by [insert date] (the “Ready for Service Date”),

provided that:

- (a) the Generator Customer executes and returns the Agreement to Hydro One by no later than _____ (**insert date**) (the “Execution Date”);
- (b) the Generator Connection Work is completed in accordance with the terms and conditions of this Agreement;
- (c) the Generator Customer is in compliance with its obligations under this Agreement;
- (d) there are no delays resulting from Hydro One not being able to obtain outages from the IESO required for any portion of the Hydro One Work, or from the IESO making changes to any portion of the Hydro One Work or the scheduling of all or a portion of the Hydro One Work;
- (e) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws, which it will make commercially reasonable efforts to obtain, in order to perform all or any part of the Hydro One Work:

- (i) environmental approvals, permits or certificates;
 - (ii) land use permits from the Crown; and
 - (iii) building permits and site plan approvals;
- (f) Hydro One does not have to use its employees, agents and contractors performing the Hydro One Work elsewhere on its transmission system or distribution system due to an Emergency (as that term is defined in the Transmission System Code) or an Event of Force Majeure;
- (g) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Work provided that such delays are beyond the reasonable control of Hydro One;
- (h) where applicable, Hydro One received the easement described in Section 17 of the T&C by the Easement Date specified in Schedule “D” of the Agreement;
- (i) where applicable, Hydro One receives leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998* (being Schedule “B” to the *Energy Competition Act, S.O. 1998, c. 15*) by the Approval Date specified in Schedule “D” of the Agreement;
- (j) Hydro One is able, using commercially reasonable efforts, to obtain all necessary land rights on terms substantially similar to the form of the easement that is attached hereto as Schedule “F” of the Agreement for the Project, prior to the dates upon which Hydro One needs to commence construction of the Hydro One Work in order to meet the Ready for Service Date;
- (k) the Generator Customer authorizes the expenditure of Premium Costs if Hydro One seeks authorization under Section 14 of the T&C; and
- (l) the Generator Connection Work will be fully constructed and ready for commissioning by (insert date), 200__.

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

IV. Subject to Section 19 of the T&C, this Agreement shall be in full force and effect and binding on the parties as of the date first written above and shall expire on the In Service Date (the “Term”). The obligation to pay any amount due and payable under the terms of this Agreement shall survive the termination of the Agreement.

V. Any written notice required by this Agreement shall be deemed properly given only if either mailed or delivered to the Secretary, Hydro One Networks Inc., 483 Bay Street, North Tower, 15th Floor, Toronto, Ontario M5G 2P5, fax (416) 345-6240 on behalf of Hydro One, and to **(insert title, address and fax number)** on behalf of the Generator Customer. A faxed notice will be deemed to be received on the date of the fax if received before 4 p.m. or on the next Business Day if received after 4 p.m. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either party by written notice.

[Intentionally Left Blank]

VI. This Agreement:

- (a) subject to Section 30 of the Standard Terms and Conditions, constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement;
- (ii) shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein; and
- (iii) may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

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

HYDRO ONE NETWORKS INC.

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

**INSERT FULL CORPORATE NAME
OF THE GENERATOR CUSTOMER**

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

Schedule “A”: Scope of Work – Work Chargeable to Customer

Hydro One will provide project management, engineering, equipment and materials, construction, commissioning and energization for all work described in this Schedule “A”.

[Note to Draft – Schedule “A” should also include a description of what is being classified as Generator Customer Allocated Network Work]

Schedule “B”: Scope of Work – Work Not Chargeable to Customer

Hydro One will provide project management, engineering, equipment and materials, construction, commissioning and energization for all work described in this Schedule “B”.

Schedule “C”: Generator Customer Connection Work

Part 1: General Project Requirements:

The Generator Customer will:

- (a) enter into a Connection Agreement with Hydro One or where applicable, amend its existing Connection Agreement with Hydro One at least 14 days prior to the first Connection;
- (b) ensure that project data is provided to Hydro One in accordance with Subsection 10(c) of the T&C;
- (c) provide a dedicated communication circuit for remote access to the metering equipment in accordance with the Market Rules; and
- (d) provide a dedicated telephone for direct communication between Hydro One OGCC operator and the Generation Facility Control Room Operator.
- (e) **any other requirements specific to the Connection.**

Part 2: Line tap

The Generator Customer will:

Part 3: Teleprotection at the Generation Facility

The Generator Customer will provide teleprotection for (insert name of Hydro One Facilities) based on the following design considerations:

Part 4: SCADA RTU

The Generator Customer will:

- Provide SCADA RTU functionality to meet Hydro One configuration and communications protocol and to comply with IESO technical and performance requirements.
- Provide a port and a modem to transmit to Hydro One the required telemetry quantities. The modem and protocol details will be to Hydro One’s requirements.

Part 5: Telecommunications

The Generator Customer will:

- Provide communications cable entrance facility and cable protection at the Generation Facility.
- Be responsible for all monthly leasing costs and the yearly leasing charge (per pair) for Hydro One’s neutralizing transformer capacity.
- Provide circuit routing.

Part 6: Revenue Metering

The Generator Customer will:

- Provide revenue metering system in accordance with the Market Rules.

Part 7: Documentation

The Generator Customer shall have provided Hydro One with the following Connection Interface Documents for review by Hydro One in the Implementation Connection phase:

Group A:

- IESO application-for information only.
- Single-line drawings showing ratings of all electrical equipment, such as disconnect switches, bushing potential devices, CVTs, power transformers, grounding transformers, grounding resistors, breakers, etc.
- GPR study and associated station ground design.
- Entrance structure (electrical & structural)
- General arrangement of the Generation Facility

Group B:

- DC station service 1 line showing ratings of all electrical equipment such as batteries, chargers, etc.
- Information on switchgear fault ratings
- HV surge arrester specification
- RTU configuration/communications protocol
- Teleprotection AC and DC EWD including information on proposed vendor equipment
- Line protection AC and DC EWD
- Transformer protection, AC and DC EWD
- Disconnect switch or HV breaker AC and DC EWD
- LV breaker (transformer & bus tie breakers) AC and DC EWD
- Breaker failure (transformer & bus tie breakers) AC and DC EWD
- HV equipment operating and protection philosophy

Group C:

- Power transformer and generator nameplate ratings
- Relay settings including relay logic diagrams, coordination studies and fault calculations.
- Commissioning procedure

Group D:

- Preliminary and final generator data, including excitation system performance, automatic voltage regulator (AVR), power factor regulator, power system stabilizer, static exciter and speed governor

to ensure compliance with all applicable reliability standards required under the IESO Market Rules.

- Generator absorption / deliverance of VARs from/to Hydro One system to maintain the Generation Facility terminal voltage to a given set point.

Schedule “D”: Estimated Capital Contribution, Payment Schedule and Miscellaneous

Description of Project:

The Connection of the Generator Customer’s Facilities and/or the Generation Facility to Hydro One’s transmission system at the Connection Point, and includes any modifications to Network Facilities required for the said Connection.

Part 1: Estimated Capital Contribution

The Estimated Capital Contribution (excluding GST) is summarized as follows:

<u>Project Description</u>	<u>Estimated Capital Contribution for Work Chargeable to Generator Customer</u>
Project Management	
Engineering	
Equipment & Materials	
Construction	
Commissioning	
Contingency	
AFUDC* & Overheads	
Total Price	

(*) AFUDC = Allowance for Funds Used During Construction and is the term used in the OEB accounting procedures meaning interests during construction if applicable.

The Estimated Capital Contribution is \$(insert amount) (excluding GST).

Note:

1. Amount paid for the cost estimate of the Connection Work performed by Hydro One is not included in the Estimated Capital Contribution , but is included in the Cost Estimate Agreement dated (insert date) between the Generator Customer and Hydro One.
2. Overheads are included in the Estimated Capital Contribution.
3. The estimated amount for contingencies includes, but is not limited to amounts associated with any planned outage delays/cancellations and subsequent equipment commissioning as well as Generator Customer Initiated Scope Changes. Any contingencies in excess of this amount will be recovered from the Generator Customer in accordance with the terms of the Agreement.
4. Capital interest is included in the Estimated Capital Contribution.
5. PST on materials is included in the Estimated Capital Contribution,
6. GST is not included in the Estimated Capital Contribution.
7. The Estimated Capital Contribution does not include any amounts associated with the cost of

easements and other land rights to be obtained by Hydro One from third parties for any part of the Work Chargeable to Generator Customer. The actual cost of obtaining those easements and other land rights will be reflected in the actual Capital Contribution required for the Work Chargeable to Generator Customer and any Additional or Modified Work Chargeable to Generator Customer (plus applicable Taxes).

Part 2: Terms and Conditions

2.1 Manner of Payment of the Estimated Capital Contribution

The Generator Customer shall make the following payments (**plus GST**) to Hydro One towards the Estimated Capital Contribution:

No.	Payment Date	Amount (\$)	Amount Paid (%)
1			
2			
3			
4			
5			

Should the Generator Customer default in payment of one or more of the required payments, Hydro One reserves the right to add the AFUDC as it deems necessary.

The Parties agree that the payment schedule above may be amended, from time to time and if mutually agreeable, to reflect the actual cash flow expended by Hydro One.

2.2 Scope Change

See Section 2.1 of the Standard Terms and Conditions.

Part 3: Miscellaneous

3.1 Connection Point

The Generation Facility will be connected

3.2 Generation Facility

- The Generation Facility consists of a
- The Generator Customer represents and warrants to Hydro One that:
 - the number of generating units in service at the Generation Facility will have a total generating capacity of _____MW;
 - each generating unit will be able to provide reactive power in the range of 0.9 lagging to 0.95 leading power factor at its generator

terminals for at least one constant _____ kV voltage;

- the Generation Facility generators will trip only as required for contingencies within the generator zone of protection and will not trip for faults outside of the generator zone of protection;
- where applicable, the special protection system facilities installed at the Generating Facility comply with the Northeast Power Coordinating Council (NPCC) Special Protection System Criteria (Document A-11) for Type 1 special protection systems.

3.3 Generator Customer’s Facilities

e.g. The named (insert number) _____ kV circuits commence at the interface tower and terminate at the Generation Facility on dedicated circuit breakers and motorized line disconnect switches.

3.4 Hydro One’s Assets:¹

All equipment and facilities installed by Hydro One as part of the Hydro One Work in, under, on, over, along, upon, through and crossing Hydro One’s Property(ies).

3.5 Documentation Required:²

Documentation describing the as-built electrical characteristics of the Generator Customer’s Facilities and the Generation Facility shall include, but is not limited to, a detailed single line drawing showing electrical parameters and characteristics of the Generator Customer’s Facilities and the Generation Facility and step up transformer(s), AC and DC protection elementary diagrams, and relay types and setting sheets.

Approval Date (III(i) of Agreement): Insert Date or N/A

Exceptional Circumstances - Network Construction or Modifications:³ Description or None

Capital Contribution Includes Cost of Capacity Not Required by Generator Customer:⁴ (Yes/No)

Security Requirements:⁵ Insert Amount or Nil

Security Date: Insert Date or N/A

Easement Required from Generator Customer:⁶
(Yes/No)

Generator Customer Easement Lands: Insert Description or N/A

Generator Customer Easement Date:

Easement Required from Third Party:⁶ (Yes/No)

Third Party Easement Lands: Insert Description or N/A

Third Party Easement Date:

Easement Term: In Perpetuity

Event of Default:⁷

¹ Cross-reference Section 8 of T&C

² Cross-reference Subsection 11(d) of T&C

³ Cross-reference Section 12.3 of T&C

⁴ Cross-reference Section 12.4 of T&C

⁵ Cross-reference Section 16 of T&C

⁶ Cross-reference Section 17 of T&C

⁶ Cross-reference Section 17 of T&C

⁷ Cross-reference Section 18 of T&C

Schedule "E": Statement of Engineering and Construction Costs

Project Investment No.				
Ready for service date				
Project Title				
Project Description				
Material	\$ (see Note 1)			
Construction	\$			
Engineering	\$			
Overhead/ Interest	\$			
Total Cost K\$	\$			

Note 1:

This Statement of Engineering and Construction Costs will be provided to the Generator Customer with the final invoice or credit memorandum delivered in accordance with Section 12.1 of the Standard Terms and Conditions.

Schedule "F": Form of Easement

INTEREST / ESTATE TRANSFERRED

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

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

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

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

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

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

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

SIGNED, SEALED AND DELIVERED

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

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

CHARGEES

THE CHARGEE of land described in a Charge/Mortgage of Land dated _____
Between _____ and _____
and registered as Instrument Number _____ on _____ does
hereby consent to this Easement and releases and discharges the rights and easement herein from the said
Charge/Mortgage of Land.

Name Signature(s) Date of Signatures
Y M D

Per:

I/We have authority to bind the Corporation