Connection Cost Agreement

between

###### Hearst Power Distribution Co. Ltd. (the “**Distributor**”)

and

# XXXXX (the “Customer”)

for

XXX kW XXXXX Project

Connection to

the XXXXkV Feeder XXXX from XXXXX TS

**Connection Cost Agreement: XXX kW XXXX Project / ADDRESS**

CONNECTION COST AGREEMENT

This Connection Cost Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_ \_\_\_\_, 2024 (“**Effective Date**”), by and between the Distributor and the Customer. This Connection Cost Agreement, together with any Schedules and any written supplements hereto shall be referred to as the “**Agreement**”.

**WHEREAS** the Customer intends to add a XXX kW XXXX generating facility, at ADDRESS (“**Embedded Generator Site**”) that is connected to the XXXX kV aerial feeder XXXX on the Distributor’s distribution system through the Customer’s electrical system;

**AND WHEREAS** the Customer has requested that the Distributor enhance its distribution system so as to permit the Customer to connect its generating facility to the Distributor’s distribution system;

**NOW THEREFORE** in consideration of the mutual covenants, agreements, terms, and conditions herein and other good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Parties agree as follows:

1. PROJECT
   1. In accordance with the terms of this Agreement, the Distributor agrees to construct the Project as described in Schedule A and the Customer agrees to pay the Actual Costs associated with the Project as described herein.
   2. The Distributor agrees to commence construction on the Project upon receipt of all information required by the Distributor and this duly executed Agreement, and upon the Customer providing any security specified herein and paying the Distributor the amount specified in Section 5.1 and Schedule B.
   3. Furthermore, the Customer represents, warrants, covenants and agrees with the Distributor that:
      1. it has obtained all necessary approvals with respect to the Customer’s facilities related to the Project (including, but not limited to, where applicable, leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*);
      2. the generating unit(s) in service at the Embedded Generator Site will not exceed a total generating capacity of XXX kW;

each generating unit shall be able to provide reactive power in the range of 0.9 lagging to 0.95 leading power factor at the Connection Point specified in Schedule B at a constant 27.6 kV voltage;

* + 1. it shall only operate a maximum of 2generating unit at a time;
    2. the generation facility shall be connected to the Distributor's XXXXkV XXXXfeeder that is normally supplied from the Distributor’s XXXX TS breaker position number XXXX;
    3. it shall only operate the generating facility in synchronism with the Distributor’s XXXX TS XXXXfeeder via XXXXbreaker;
    4. it shall shut down the generation facility and take load from the Distributor’s distribution system when the Distributor’s XXXX TS breaker XXXX is not available; and
    5. where applicable, it shall be solely responsible for any problems which may develop, however caused, which may interrupt or mitigate the efficiency of the communication link.
  1. Subject to the provisions of this Agreement, the Distributor agrees to use reasonable efforts to have all of the Distributor’s Work fully and completely constructed, installed, commissioned and energized by the **In-Service Date** of **XXXXX** provided that:

1. the Customer executes and returns this Agreement to the Distributor by no later than **XXXXX** (“**Execution Date**”);
2. the Customer connection Work is completed in accordance with the terms and conditions of this Agreement;
3. the Customer is in compliance with its obligations under this Agreement;
4. there are no delays resulting from the Distributor not being able to obtain outages from the IESO required for any portion of the Distributor’s scope of work, or from the IESO making changes to any portion of the Distributor’s scope of work or the scheduling of all or a portion of the Distributor’s scope of work;
5. the Distributor has received or obtained prior to the dates upon which the Distributor requires any or one or more of the following under Applicable Laws, which it shall make commercially reasonable efforts to obtain, in order to perform all or any part of the Distributor’s Work:
   * 1. environmental approvals, permits or certificates;
     2. land use permits from the Crown; and
     3. building permits and site plan approvals;
     4. Consent of the property owner of the Embedded Generator Site;
6. the Distributor do not have to use its employees, agents and contractors performing the Distributor’s Work elsewhere on its distribution system due to an Emergency (as that term is defined in the Distribution System Code) or an event of Force Majeure;
7. there are no delays resulting from the Distributor being unable to obtain materials or equipment required from suppliers in time to meet the Project schedule for any portion of the Distributor’s Work provided that such delays are beyond the reasonable control of the Distributor;
8. the Customer’s connection Work (with the exception of telemetry implementation) shall be fully constructed and ready for commissioning by **XXXXX** .

The Customer acknowledges and agrees that the In-Service Date may be materially affected by: (i) difficulties with obtaining or the inability to obtain all necessary land rights and/or environmental approvals, permits or certificates; (ii) and is highly dependent upon other third parties undertaking and completing their work in a timely fashion. As such, the Customer acknowledges and agrees that the failure to reach the In-Service Date shall not be considered an Event of Default or give rise to any claim for damages under this Agreement or in law from the Distributor. The Distributor requires a minimum of 10 business days notification to install and/or energize the meter, as such the Customer agrees to notify the Distributor’s Metering and Settlement contacts via email, as per Section 8.1 below.

1. TERM AND TERMINATION
   1. Subject to the termination rights and survival of provisions specified herein the term of this Agreement shall commence on the Effective Date and shall remain in full force and effect until the Completion Date (the “**Term**”) unless extended, or terminated by either Party upon 30 days prior written notice as provided for in Section 3.1 or as provided for in Section 2.3 or Section 2.4 of this Agreement.
   2. The occurrence of any of the following shall constitute an event of default (“**Event of Default**”):
      1. failure to comply with any covenant or obligation of the Party as set forth in this Agreement, or breach of any representation or warranty, if such failure or breach is not remedied within 30 days after delivery of written notice of such failure by the other Party; or
      2. failure by the Customer to pay any amount due under the Agreement, if such failure is not remedied within 5 Business Days after delivery of written notice of such failure by the Distributor; or
      3. failure by the Customer to provide, maintain, extend, replace or increase any security required by the Distributor under this Agreement, if such failure is not remedied within 5 Business Days after delivery of written notice of such failure by the Distributor; or
      4. by decree of any governmental authority, the Party is adjudicated bankrupt or insolvent; or the Party files, or consents to the filing of, or has filed against it, a petition for bankruptcy or seeks or consents to an order of protection under any law relating to arrangements with creditors, insolvency or bankruptcy or if a receiver or receiver manager is appointed in respect of the Party or its assets.
   3. Upon the occurrence of any of the Events of Default specified in Section 2.2 or as provided for in Section 7.2, where the Distributor is the non-defaulting Party or the requesting Party, the Distributor shall have the right, in its discretion, to do any one or more of the following:
      1. suspend any or all of the services or obligations of the Distributor or rights of the Customer under this Agreement provided that such suspension shall not relieve the Customer of its obligations to make any payment required hereunder;
      2. exercise any of the rights and remedies of a secured party under this Agreement and under any law then in effect;
      3. exercise its right of set-off against any and all property of the Customer in the possession of the Distributor or its agent;
      4. draw on any outstanding irrevocable letter of credit issued for its benefit;
      5. liquidate any other security then held by or for the benefit of the Distributor free from any claim of set-off or otherwise or right of any nature of the Customer, including any equity or right of purchase or redemption by the Customer;
      6. terminate this Agreement by giving notice of termination to the Customer whereupon this Agreement shall terminate as at the effective date of termination specified in the notice;
      7. exercise any other rights or remedies the Distributor has at law, including bringing an action at law as may be necessary or advisable in order to recover any damages or costs incurred by the Distributor.
   4. Upon the occurrence of any of the Events of Default specified in Section 2.2 or as provided for in Section 7.2, where the Customer is the non-defaulting Party or requesting Party to terminate this Agreement by giving notice of termination to the defaulting Party whereupon this Agreement shall terminate as at the effective date of termination specified in the notice.
   5. Upon termination of this Agreement for any reason the relevant portions of this Agreement shall continue in effect after termination to the extent necessary to provide for any billings, adjustments and payments related to the period prior to termination; and except as provided in the Schedule C, the terminating Party shall have no liability whatsoever to the other Party arising from such termination. For greater certainty, the obligation to pay any amount which was due and payable prior to termination shall survive the termination of this Agreement.
2. ORDERLY TERMINATION
   1. In accordance with the provisions of Section 2.1, the Customer shall have the right to terminate this Agreement on 30 days prior written notice to the Distributor where the Customer elects not to proceed with the Project. Where the Customer elects to terminate the Agreement in accordance with this provision, the Customer agrees that it shall be responsible for and shall pay all Actual Costs incurred by the Distributor up until written notice is received by the Distributor.
   2. Where the Customer provides notice in accordance with Section 3.1, the Distributor shall within 10 Business Days of receipt of notice provide to the Customer a list of equipment and materials which have been ordered for the Project by the Distributor which the Distributor agrees that it will purchase. The Distributor agrees that any equipment and materials which it agrees to purchase will be deducted from the Actual Costs.
   3. Where in accordance with Section 3.2 the Distributor elects not to purchase any equipment and materials, the Customer may elect to:
      1. have the Distributor purchase the equipment and materials and transfer to the Customer the title to and ownership of such equipment and materials on an “as is, where is basis”; or
      2. where the Distributor has purchased and installed the equipment and materials, have the Distributor remove the equipment and materials and provide title to and ownership of such equipment and materials on an “as is, where is basis”.

The Customer acknowledges and agrees that it shall be responsible for any additional costs incurred by the Distributor in purchasing, transferring title and ownership, installation and removal or any other costs associated with the Customer making an election under this Section.

* 1. Where the Customer provides notice in accordance with Section 3.1, the Customer acknowledges that the Distributor shall be entitled to exercise any of the rights provided to it under Section 2.3 or elsewhere in this Agreement so as to permit the Distributor to recover any of the Actual Costs incurred by the Distributor under this Agreement.

1. INFORMATION AND CHANGES IN SCOPE
   1. The Customer agrees to provide the Distributor with all information in the Customer’s possession or reasonably obtainable by the Customer relating to the Project as may be necessary or helpful to the Distributor in performing its obligations hereunder, promptly upon request by the Distributor.
   2. Should the Customer make any changes to the information provided to the Distributor and those changes result in an increase in the Actual Costs to the Distributor, the Distributor may recover any increase from the Customer in the form of an additional Capital Contribution and the Customer agrees to make such additional Capital Contribution as may be required by the Distributor in the time specified by the Distributor. Until such time as payment is received by the Distributor in accordance this Section the Distributor shall be permitted to suspend its performance under the Agreement.
   3. The Customer agrees that any request for changes to the Scope of Work specified in Schedule A must be made in writing to the Distributor. Upon receiving such request, the Distributor shall advise the Customer of any cost and schedule impacts that such changes will have on the Project and if any additional Capital Contribution will be required from the Customer. Where the Customer elects to proceed with such changes it shall provide to the Distributor its written approval to proceed along with any such additional Capital Contribution. Until such time as written approval and such additional Capital Contribution is received by the Distributor in accordance this Section 4.3 the Distributor shall be permitted to suspend its performance under the Agreement.
2. COSTS
   1. The Customer shall pay the Distributor the sum of **$XXXX** (**$XXXX** plus Taxes) which represents the Customer’s estimated Capital Contribution for the Project as specified in Schedule B. Upon execution of this Agreement, the Customer shall pay the Distributor the sum of **$XXXX** (**$XXXX** plus Taxes) in Certified Cheque payable to the Distributor.
   2. The Customer agrees that the payment schedule above may be amended by the Distributor, from time to time, to reflect the actual cash flow expended by the Distributor. The Distributor shall send the Customer an invoice when the payment schedule is amended.
   3. Within 180 days after the Completion Date, the Distributor shall deliver to the Customer an invoice showing the Actual Cost of undertaking the Project (plus Taxes), the Capital Contributions (plus Taxes) received from the Customer and whether a further amount is due and owing by the Customer to the Distributor or whether a refund is due to the Customer from the Distributor under this Agreement.
   4. Any amount remaining due and owing by the Customer or the Distributor shall be paid by the Party owing such amount within 30 days after the invoice is delivered.
   5. If either Party fails to pay the full amount payable by it when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of 1.5% per month compounded monthly.
3. SECURITY
   1. Upon the execution of this Agreement and at any time during the Term, the Distributor may upon notice to the Customer require the Customer to provide to the Distributor security in respect of the Customer’s obligations hereunder. Initially, the security required by the Distributor to be provided by the Customer shall be as set out in Schedule A. Any security required by the Distributor from the Customer shall be in a form and of a type acceptable to the Distributor, which may include cash, an irrevocable letter of credit from a Schedule 1 bank, or a surety bond given by surety company and in a form acceptable to the Distributor.
   2. Where security is provided by an irrevocable letter of credit.
   3. If at any time during the Term the security provided by the Customer becomes unsatisfactory to the Distributor, the Customer shall upon request of the Distributor provide such alternate form of security within 5 Business Days after the Distributor has made its request to the Customer. Upon receipt of such alternate form of security the Distributor shall return to the Customer the security which has become unsatisfactory.
   4. The Distributor shall be entitled to realize upon any security provided by the Customer in the manner set out in this Agreement.
4. CHANGE IN APPLICABLE LAWS
   1. If there is any material change to the Applicable Laws governing this Agreement either Party has the right to request modifications to this Agreement. The Party requesting modifications shall send the other Party written notice identifying the material change, its position on why modifications are required, and the modifications sought. The other Party agrees to consider such requests acting reasonably.
   2. In the event that the Party requesting modifications is unable to reach agreement with the other Party on such modifications, the requesting Party shall have the right to terminate the Agreement in accordance with Section 2.3.
5. NOTICES
   1. Any notice required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given if delivered by hand or by courier, mailed by prepaid registered mail, or transmitted by facsimile or other similar form of telecommunication capable of confirming transmissions, and addressed to the Parties as follows:

**To Distributor:**

Hearst Power Distribution Co. Ltd.

925 rue Alexandra Street, S.P./P.O. Bag 5000

Hearst, Ontario P0L 1N0

Attention: Jessy Richard, General Manager

[jrichard@hearstpower.com](mailto:jrichard@hearstpower.com)

**To Customer:**

ADDRESS

Attention:

Any notice delivered by hand or by courier shall be deemed to have been received on the date of delivery. Any notice sent by registered mail shall be deemed to have been received on the date indicated on the delivery receipt. During a postal strike or other interruption of the mail, notices shall be given by delivery or telecommunication only. Any notice transmitted to the receiving party by telecommunication, with receipt of transmission confirmed, shall be deemed to have been received on the date of the telecommunication if received before 4 p.m. (local time of the recipient) or on the next Business Day if received after 4 p.m. The Parties may at any time hereafter change the person designated and/or their address as specified in this Section, by giving notice in the manner provided for herein.

1. CONFIDENTIALITY
   1. Each Party shall comply with the Confidentiality Terms attached hereto as Schedule “D”. These Confidentiality Terms including the definitions shall survive the termination of this Agreement.
2. ACCESS AND EASEMENTS
   1. The Customer agrees that the Distributor shall have free and uninterrupted rights of access and entry to the Customer’s property for the purposes of constructing the Project and undertaking the Work and for any other purposes specified in this Agreement. If the land on which the Project is located is not owned by Customer, the Customer shall cause such landowner to permit, the Distributor's employees and agents to enter the property on which the Project is located at any reasonable time for the purposes constructing the Project and undertaking the Work and for any other purposes specified in this Agreement.
   2. If an easement is required by the Distributor, the Customer shall grant such easement to the Distributor or cause any third party to grant such easement to the Distributor substantially in accordance with the terms of Appendix E to allow the Distributor the use of such land as may be required by the Distributor for the purposes of this Agreement.
3. SCHEDULES
   1. The Schedule(s) set out below are attached to and form part of this Agreement:
      1. Schedule A – Scope of Work
      2. Schedule B – Estimated Costs
      3. Schedule C – Standard Terms and Conditions for Connection Cost Agreements
      4. Schedule D – Confidentiality Terms

**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.

|  |  |  |
| --- | --- | --- |
| **HEARST POWER DISTRIBUTION CO. LTD.** |  | **XXXXX (Customer)** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Signature** |  | **Signature** |
| Jessy Richard  General Manager |  |  |
|  |  | **Name (Print)** |
|  |  |  |
|  |  | Title |
| I have authority to bind the corporation |  | I have authority to bind the corporation |
|  |  |  |
|  |  |  |
| XXXXX XXXX RT 0001 |  | XXXXX XXXX |
| **HST Registration Number** |  | **HST Registration Number** |