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1 **Request IR-1:**

2

3 **Exhibit N-1, p. 20**

4

5 **NSPML refers to a June 2016 announcement related to the delay of the NS Block. What is**
6 **the most recent update on anticipated completion of the Muskrat Falls Generating Station**
7 **and related works and delivery under the “20 for 20” agreement?**

8

9 Response IR-1:

10

11 Nalcor’s schedule remains unchanged from the timelines announced on June 24, 2016. The most
12 recent comments regarding this schedule were made by Stan Marshall, Nalcor’s CEO, on
13 December 21, 2016, in an announced agreement with Astaldi, the main contractor on the
14 construction of the powerhouse for completion of the project works. This agreement resolved the
15 root cause of schedule delays. Please refer to Attachment 1.

16

17 In that release, Mr. Marshall stated:

18

19 This agreement will provide certainty for the completion of the construction of the
20 powerhouse and intake civil works by Astaldi and will ensure the continued
21 progress by Astaldi in fulfilling their contract.

22

23 All transmission facilities will be completed in 2017 and 2018.

24

25 Additionally, please refer to NSUARB IR-55 Attachment 1 and NSUARB IR-58 Attachment 1.



ASTALDI AND MUSKRAT FALLS CORPORATION REACHED AGREEMENT TERMS FOR COMPLETION OF THE MUSKRAT FALLS PROJECT CIVIL WORKS, CANADA

New contract value at CAD 1830 million

Rome, 21 December 2016 – ASTALDI and MUSKRAT FALLS CORPORATION, A SUBSIDIARY OF NALCOR ENERGY, announced they have negotiated terms for an agreement to complete the construction of the powerhouse and intake civil works for the Muskrat Falls Hydroelectric Project in the Province of Newfoundland and Labrador, Canada. All disputes and outstanding commercial items have been addressed. The terms of the completion agreement are subject to customary approvals and conditions.

The agreement increases the contract value to CAD 1830 million, and sets a new date for the completion of the works that is in alignment with Muskrat Falls Corporation's current completion schedule for the Muskrat Falls Hydroelectric Project.

Filippo Stinellis, Chief Executive Officer of the Astaldi Group, stated: *"The constructive dialogue built and developed with the Client over the past years has allowed us to reach a full understanding over our contract's objectives and timing. The challenging work and its environment have made the negotiation process complex and we are satisfied for having reached this agreement."*

Stan Marshall, Chief Executive Officer of Nalcor Energy, stated: *"This agreement will provide certainty for the completion of the construction of the powerhouse and intake civil works by Astaldi and will ensure the continued progress by Astaldi in fulfilling their full contract."*

Phase One of the Lower Churchill Project is referred to as the Muskrat Falls Project. This includes an 824 megawatt hydroelectric generating facility at Muskrat Falls, Labrador in the Province of Newfoundland and Labrador, Canada. Astaldi is responsible for the construction of the powerhouse, intake and spillway civil works for the Muskrat Falls generation facility.

o o o

ASTALDI GROUP is one of the leading General Contractors in Italy and one of the top 25 at a European level in the Construction sector where it is also a sponsor of project finance initiatives. It has been active for 90 years at an international level and is present on the market, developing complex and integrated projects involving the design, construction and operation of public infrastructures and large-

scale engineering works, mainly in the following segments: Transport Infrastructures, Energy Production Plants, Civil and Industrial Construction and Facility Management, Plant Design and Management of Complex Systems. It has been listed on the Stock Exchange since 2002 and holds 85th place in Global Contractor rankings. It ended 2015 with a total backlog, including additional orders secured and in the process of being finalised, of over EUR 28 billion and a turnover of EUR 2.9 billion. It has approximately 11,000 employees in Italy, Europe (Poland, Romania and Russia) and Turkey, Africa (Algeria), North America (Canada and the USA), Latin America (Chile, Peru, Venezuela and Central America), the Middle East (Saudi Arabia and Qatar) and the Far East (Indonesia).

Muskat Falls Corporation is a subsidiary of Nalcor Energy. Nalcor Energy's business includes the development, generation, transmission and sale of electricity; the exploration, development, production and sale of oil and gas; and industrial fabrication.

FOR MORE INFORMATION:

ASTALDI

Tel. +39 06.41766360

Alessandra Onorati / Anna Forciniti

External Relations and Investor Relations

investor.relations@astaldi.com

www.astaldi.com

Italian Media: **IMAGE BUILDING**

Tel. +39 02.89011300

Simona Raffaelli / Alfredo Mele / Arturo Salerni

astaldi@imagebuilding.it

International Media: **FINSBURY**

Edward Simpkins / Benita Barretto

Tel. +44 20 7251 3801

astaldi@finsbury.com

MUSKRAT FALLS CORPORATION

Tel. +00 1.709.737.1427

Karen O'Neill

Communications Manager

koneill@nalcorenergy.com

muskatfalls.nalcorenergy.com

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1 **Request IR-2:**

2
3 **Exhibit N-3, p. 5, line 20**

4
5 **NSPML provides a January 1, 2018, anticipated date when the Maritime Link is scheduled**
6 **to be in service and available to optimize its benefits to customers:**

7
8 **(a) Is the Maritime Link still anticipated to be complete by January 1, 2018?**

9
10 **(b) Please provide the most recent update for each of the various stages required to**
11 **complete the project.**

12
13 **(c) Please provide detail of whether “in service” means substantially complete or final**
14 **completion? What criteria will guide NSPML in this decision?**

15
16 **(d) If the Maritime Link is not able to be placed in service on January 1, 2018:**

17
18 **i) Will the AFUDC continue to accumulate?**

19
20 **ii) What would NSPML’s annual requirement be for cash flow?**

21
22 **Response IR-2:**

23
24 **(a) Yes.**

25
26 **(b) The most recent update for each of the various stages required to complete the Project is**
27 **contained in Section 2.1 of, and Attachments 1 and 2 to, NSPML’s Quarterly Report Q4**
28 **2016, which was filed with the Board as Appendix A to NSPML’s Interim Cost**
29 **Assessment Application.**

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1 (c) “In-service” is not a term that is defined in the agreements applicable to the Maritime
2 Link, it is simply a reference to the Maritime Link being available for transmission
3 services consistent with its basis of design. This is expected to be achieved upon
4 substantial completion of the Maritime Link. Substantial completion has not been defined
5 in project-related agreements in respect of the whole project.

6
7 Once the Maritime Link has achieved substantial completion, final completion will take
8 place at a later date when project close-out items have been addressed, including the
9 resolution of final punch-list items, acceptable to the Owner and Independent Engineer,
10 and the provision of as-built drawings and documentation. Such items do not impact the
11 ability to place the Maritime Link in service.

12
13 (d) i) If the construction of the Maritime Link was not completed and not able to be
14 placed in service, NSPML would expect AFUDC to continue subject to Board
15 approval.

16
17 ii) If the Maritime Link was not completed and not in service by January 1, 2018, the
18 cash requirements of NSPML would be dependent upon the work remaining to be
19 completed as well as required financing costs. Please refer to response to
20 NSUARB IR-16, which illustrates the additional costs that would arise in 2018
21 and 2019 if costs continued to be deferred.

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1 **Request IR-3:**

2

3 **Exhibit N-1, p. 6, line 26**

4

5 **With respect to the statement that on January 1, 2018, NSPI and “its customers will**
6 **immediately start to benefit from use of the Maritime Link”, please provide the monthly**
7 **estimate of the GWh expected to be transferred over the Maritime Link that ties into the**
8 **overall expectations outlined in N-3, Appendix B until the anticipated completion date of**
9 **the Muskrat Falls Generating Station and LIL on January 1, 2020?**

Maritime Link Project (NSUARB M07718)
NSPML Responses to NSUARB Information Requests

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1 Response IR-3:

2

3 The following table provides the Plexos optimized model results for the forecast monthly energy
4 flow over the Maritime Link prior to the commencement of the NS Block (GWh). The actual
5 volumes will be subject to commercial negotiations, and market conditions through the interim
6 period.

7

Month	Winter Export	Recapture Energy	Pre-FCP Energy	Hydro Storage
January, 2018				
February, 2018				
March, 2018				
April, 2018				
May, 2018				
June, 2018				
July, 2018				
August, 2018				
September, 2018				
October, 2018				
November, 2018				
December, 2018				
January, 2019				
February, 2019				
March, 2019				
April, 2019				
May, 2019				
June, 2019				
July, 2019				
August, 2019				
September, 2019				
October, 2019				
November, 2019				
December, 2019				

8

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1 **Request IR-4:**

2
3 **Exhibit N-1, p. 29, line 13**

4
5 **Please provide specific references to the “regulatory practice in Nova Scotia” which is**
6 **being relied upon as support for the assertion that the Maritime Link will be “used and**
7 **useful” as of January 1, 2018.**

8
9 Response IR-4:

10
11 Regulatory practice in Nova Scotia with respect to NS Power’s assets follows NS Power’s
12 Accounting Policies and Procedures and the *Public Utilities Act*. The cost of utility assets is
13 included in rate base and/or recovered from customers when the asset is put into service and
14 used on behalf of customers, and not according to the level or amount of use that is actually
15 experienced. Distribution, transmission or generation assets, justified and built to serve
16 customer load over their useful lives, are included in rate base at their full cost and recovered
17 from customers on a straight-line basis, notwithstanding that the assets’ production/utilization
18 may vary significantly over time, including low utilization in early years coincident with the
19 period of highest cost to customers. (See also Nova Scotia Public Utilities Act, sections 42 and
20 45).

21
22 This is perhaps most evident for generation assets and the associated transmission assets built to
23 address a specific operational constraint (for example, reserve margin, Renewable Electricity
24 Standard requirements). In these cases, asset utilization can vary significantly across years (for
25 example, where a baseload plant is utilized more as a peaking unit or a renewable generation
26 asset is operating during a period when a utility’s renewable generation exceeds its legislated
27 requirements). However, it remains regulatory practice in Nova Scotia to include these utility
28 assets in rate base at their full cost and recover these costs from customers on a straight-line
29 basis over their useful lives, rather than tying either element to variations in asset utilization.

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1 In Confidential Appendix B to NSPML’s Supplementary Evidence, NS Power has evaluated the
2 uses and estimated benefits that could accrue to NS Power customers once the Maritime Link is
3 available and comes into service on January 1, 2018, to establish that the Maritime Link will be
4 used and useful. As noted in John Reed’s evidence attached as Appendix B to NSPML’s
5 Application (Exhibit N-1), the Board applied the used and useful standard, expressly balancing
6 its view of “fundamental regulatory rate-making principles” and “public interest considerations”
7 in approving the inclusion of the net book value of the Point Tupper Marine Terminal into NS
8 Power’s rate base.^{1, 2} In that case, in response to NSPI’s request to include in regulated rate
9 base and associated regulated revenue requirement the full costs of a marine coal terminal
10 which remained underutilized, the NSUARB expressly balanced its view of “*fundamental*
11 *regulatory rate making principles*” and “*public interest considerations*” in allowing the then
12 depreciated value of the terminal into NSPI’s rates for recovery (see Decision Paragraph 38).
13 Despite concluding that the terminal had not been fully utilized, the Board nonetheless
14 recognized the value of; i) a second coal terminal in proximity to NSPI’s Point Tupper and
15 Trenton generating plants; and ii) a “*potential benefit*” to ratepayers of the ability to seek out
16 lower coal prices in the global marketplace and the consequent motivation of existing suppliers
17 to compete more aggressively on price. These factors allowed the Board to conclude that the
18 marine terminal was “used and useful”, and thus appropriately included in regulated rate base
19 (see Decision paragraphs 42 through 44).

¹ NSUARB-NSPI P-128.07 2008 NSUARB 74

² Interim Cost Assessment Application, Appendix B, page 7, lines 10 to 16

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1 **Request IR-5:**

2

3 **Exhibit N-1, p. 30, line 5**

4

5 **(a) Please confirm that the new Atlantic electricity loop will not be complete until the**
6 **LIL and the Labrador transmission assets are all commissioned.**

7

8 **(b) What is the current expectation for those assets to be in service?**

9

10 **Response IR-5:**

11

12 **(a) Confirmed. The Atlantic electricity loop will be complete when the Labrador**
13 **Transmission Assets and the Labrador-Island Link are completed in 2017 and 2018.**

14

15 **(b) Please refer to NSUARB IR-55 Attachment 2.**

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1 **Request IR-6:**

2

3 **Exhibit N-1, p. 6, line 7**

4

5 **With respect to the statement that the Maritime Link will be immediately “used and**
6 **useful” for accounting purposes under NSPML accounting policies, please provide specific**
7 **references to the provisions in the accounting policies upon which NSPML is relying to**
8 **make this statement?**

9

10 Response IR-6:

11

12 Accounting Policy 1520 – Rate Base, section 03(a) provides that the components of rate base
13 should include “cost (gross historical cost less capital contributions) less accumulated
14 depreciation of used and useful plant in service”. As detailed in NSPML’s evidence herein, the
15 Maritime Link will be in use and providing benefits to Nova Scotia electricity customers from
16 and after January 1, 2018, and thus should be included in rate base pursuant to the foregoing
17 policy.

18

19 NSPML Interim Cost Assessment Application Supplementary Evidence, in particular
20 Confidential Appendix B, provides examples of how the Maritime Link will be used and useful
21 upon being placed in service by January 1, 2018.

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1 **Request IR-7:**

2
3 **Exhibit N-1, p. 5, line 22**

4
5 **The Application states: “As soon as the Maritime Link is put into service, it can be used by**
6 **NS Power to conduct market-priced energy transactions. It was anticipated by the**
7 **agreements between Emera and Nalcor that the transmission assets could be available**
8 **before the generating assets, and the Energy and Capacity Agreement provides for market-**
9 **priced energy transactions in that situation.”**

10
11 **(a) Please explain, with specific references to the Commercial Agreements, how “it was**
12 **anticipated by the agreements between Emera and Nalcor” that the Maritime Link**
13 **could be generally available before the generating assets?**

14
15 **(b) Specifically, with respect to the Energy and Capacity Agreement, please provide the**
16 **reference to the provisions in that agreement where such a situation was**
17 **contemplated?**

18
19 **(c) Without the Muskrat Falls generating facility in service, will there be enough**
20 **surplus energy available from Nalcor for NSPI to purchase at market rates? If so,**
21 **please provide details of the sources, timing, and classification (i.e. firm, non-firm,**
22 **peak, off-peak, renewable, non-renewable).**

23
24 **Response IR-7:**

25
26 **(a) The Commercial Agreements, through the use of the terms “Commissioning,”**
27 **“Commercial Operation Date” and “First Commercial Power,” differentiated between the**
28 **commissioning and commercial operation of the applicable Nalcor and NSPML project**
29 **assets and the commencement of delivery of the NS Block on the commissioning of three**

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1 generating units at the Muskrat Falls Generating Station. For instance, the term “First
2 Commercial Power” is defined as the date following the Nalcor Commercial Operation
3 Date and the Maritime Link Commercial Operation Date upon which Nalcor commences
4 delivery of the NS Block.

5
6 Section 7.3(e) of the ML-JDA expressly acknowledges that the commissioning of the
7 Maritime Link may occur before the commissioning of the Muskrat Falls Plant or the
8 Labrador-Island Link:

9
10 7.3(e) Target Date for Commissioning - Without limiting Section 7.8(b), Nalcor
11 agrees to work with Emera to Commission and put in service the Maritime
12 Link pursuant to the Project Schedule, which, as of the A&R Effective
13 Date, is scheduled for October 2017. For greater certainty, such
14 Commissioning shall not be subject to the prior completion and
15 commissioning of the MFP or the LIL.
16

17 As further outlined in part (b) below, the Energy and Capacity Agreement (ECA)
18 expressly contemplates the sale of Muskrat Falls energy produced in advance of First
19 Commercial Power (that is, the date for delivery of the NS Block) in circumstances
20 where such power is available and is surplus to the Newfoundland Native Load.

21
22 (b) Section 4.1(b) of the ECA provides in part as follows:

23
24 (b) Energy Before First Commercial Power - Prior to First Commercial
25 Power, if the MFP is producing Energy and, if available, Capacity (in this
26 Section, “MFP Preliminary Energy”) and the LIL and LTA are
27 commissioned within the meaning of “Commissioning” as set forth in the
28 NLDA, then the following provisions shall apply:

29
30 (i) before the ML Commercial Operation Date, Nalcor may use, sell
31 or otherwise dispose of, store or otherwise deal with any MFP
32 Preliminary Energy in whatever manner it may determine, and
33 Nalcor shall have no obligation to Emera in respect of any Energy
34 produced or capable of being produced from the MFP;

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1 (ii) after the ML Commercial Operation Date, Nalcor may deliver
2 MFP Preliminary Energy to NLH to satisfy the NL Native Load
3 and may produce Energy from the MFP to produce Stored Energy,
4 but shall not sell or otherwise dispose of any other MFP
5 Preliminary Energy (such other Energy and, if available, Capacity
6 being referred to as “Pre-FCP Surplus Energy”) in any manner
7 unless it has first complied with the following provisions:
8

9 (A) Emera shall have the option to purchase from Nalcor at the
10 Delivery Point Pre-FCP Surplus Energy after adjustment
11 for Transmission Losses at a purchase price equal to the
12 Reference Day-Ahead Price for the applicable hours at the
13 ISO-NE Salisbury node (described as NB-NE External
14 Node .I.SALBRYNB345 in the ISO-NE Market Operations
15 Manual) or any replacement or comparable node
16 designated by the ISO-NE (the “Pricing Node”), less all
17 Tariff Charges ...
18

19 Therefore, Section 4.1(b)(ii) expressly addresses the circumstance where the Maritime
20 Link is available before the Muskrat Falls generating facilities have reached the point of
21 initiation of the NS Block, by providing Emera with the option to purchase market-priced
22 “MFP Preliminary Energy” that is surplus to Newfoundland Native Load in such case.
23

24 (c) NS Power believes that there will be volumes of energy available for purchase prior to
25 generation being available from Muskrat Falls, with the primary source being the
26 recapture energy from Churchill Falls. The firm or non-firm nature of the energy will be
27 subject to commercial negotiation between the parties. Although imports from this
28 hydroelectric generating facility are emission-free, NS Power understands that under
29 current legislation, this energy would not be eligible for RES compliance unless approved
30 by the Minister. The following table shows the monthly volumes (on and off peak) for
31 Recapture Energy and Pre-FCP Surplus Energy dispatched in the Plexos modeling used
32 in development of NSPML Interim Cost Assessment Application Supplementary
33 Evidence, Confidential Appendix B. These volumes are based on a fully-optimized
34 dispatch model and the associated assumptions as set out in IG IR-12. Actual volumes
35 may vary depending on operating conditions.

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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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1 **Request IR-8:**

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3 **Exhibit N-1, p. 4, line 20**

4

5 **NSPML stated that “The Maritime Link will provide access to cleaner and more reliable**
6 **energy to meet the needs of Nova Scotia customers.” Please explain why that energy will be**
7 **“more reliable” than all other sources of energy.**

8

9 Response IR-8:

10

11 The reference to “more reliable” is related to the dispatchable nature of the renewable energy
12 available on the Maritime Link as it originates from hydroelectric generation. The predominant
13 form of renewable energy added to the NS Power system in recent years has been wind
14 generation. While increasingly forecastable hours ahead, the accuracy of wind generation
15 forecasts diminishes day-ahead and even more so days ahead. Energy flowing over the Maritime
16 Link in the interim period can be scheduled in advance and dispatched with a high degree of
17 certainty. Wind energy is forecasted, but the certainty of the generation for reliable dispatch
18 planning does not compare with a scheduled firm delivery.

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1 **Request IR-9:**

2
3 **Exhibit N-1, p.10, line 29**

4
5 **(a) Please provide a copy of the Federal Loan Guarantee and highlight all terms and**
6 **conditions NSPML has mentioned in its request for assessment, referencing each**
7 **term and/or condition to the requirements identified in the Application.**

8
9 **(b) Please confirm (or correct) that the only financial obligations that NSPML are**
10 **required to meet under the Federal Loan Guarantee are the interest payments,**
11 **which commence on commissioning of the Maritime Link, and the principal**
12 **payments, which commence on January 1, 2020.**

13
14 **(c) Is “commissioning” equal to being placed “in service”?**

15
16 **(d) Exhibit N-1, p. 11, line 4 - Please provide a full accounting of how the Federal Loan**
17 **Guarantee has reduced the cost of borrowing for the Maritime Link Project.**

18
19 **(e) Exhibit N-1, p. 12, line 10 - Please specify which provisions of the Federal Loan**
20 **Guarantee require the timely recovery of the full Interim Assessment for NSPML.**

21
22 **Response IR-9:**

23
24 **(a) A copy of the 2012 Federal Loan Guarantee “Term Sheet” is provided as Attachment 1**
25 **and a copy of the ML Credit Agreement is provided as Partially Confidential**
26 **Attachment 2. The FLG Term Sheet was filed as evidence in NSPML’s original**
27 **application in 2013 as Appendix 4.03. The ML Credit Agreement was filed as evidence**
28 **in NSPML’s AFUDC Accounting Policy regulatory process.**

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1 NSPML's evidence refers to the FLG Term Sheet and ML Credit Agreement in several
2 places due to the importance of this large project financing arrangement. The FLG Term
3 Sheet and ML Credit Agreement are complex documents and are best read as a whole
4 including with reference to the definitions contained in Exhibit A of the ML Credit
5 Agreement. NSPML has not created the legal analysis that appears to be requested by this
6 question, however has referenced specific sections of the FLG Term Sheet and articles of
7 the ML Credit Agreement in response to specific IR questions relating to, for example,
8 Debt Service Coverage Ratio (NSUARB IR-69), Debt Service Reserve Account
9 (NSUARB IR-10), and hedging (NSUARB IR-13).

10
11 (b) In addition to interest and principal payments, NSPML has the obligation to maintain a
12 Debt Service Coverage Ratio, a minimum Debt Service Reserve Account and Debt to
13 Equity Ratio, which are customary requirements for large capital project financing
14 arrangements.

15
16 (c) No, "commissioning" is not equal to being placed "in service." The interpretation of
17 these terms depends upon the context in which they are used. For example,
18 "commissioning" is used in NSPML's commercial agreements with Nalcor to mean the
19 start-up and testing activities required to demonstrate that the Maritime Link is ready for
20 Commercial Operation. Further, "Commissioning" as defined in the ML Credit
21 Agreement requires a number of conditions precedent to be achieved as outlined in article
22 7.6 of the ML Credit Agreement. The term "in-service" is used to describe when the
23 Maritime Link will be functionally operational and available to provide benefit to
24 NS Power and its customers, which is forecasted to be by January 1, 2018.

25
26 (d) Please refer to the responses to NSUARB IR-21(h) and NSUARB IR-12 and which
27 provides NSPML's response to this question, including evidence of Ms. Allison Manzer
28 at the February 2016 NSPML Technical Conference. Ms. Manzer summarizes the
29 extensive due diligence undertaken by NSPML, the Government of Canada and its

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1 experienced advisors in arranging the FLG debt for the Maritime Link on behalf of Nova
2 Scotia customers. NSPML has not undertaken the quantitative analysis being requested in
3 this question.

- 4
5 (e) The FLG Term Sheet, filed as Appendix 4.03 in NSPML's 2013 initial application,
6 outlined the details of the Debt Service Coverage Ratio in sections 4.1 and 4.2. The ML
7 Credit Agreement provides details as to the calculation of this ratio – please refer to
8 NSUARB IR-69 for additional information.

9
10 It is critically important that debt service coverage requirements are met. The response to
11 Synapse IR-29 estimates the *minimum* requirement to satisfy the Prospective Debt
12 Service Coverage Ratio based on NSPML's current forecast of costs. In addition to
13 meeting a Prospective Debt Service Coverage Ratio, NSPML must also meet a
14 Retrospective Debt Service Coverage Ratio which is subject to changes in actual costs as
15 compared to those forecasted. Limiting amounts paid from NS Power to NSPML in an
16 attempt to meet a minimum required threshold as outlined in the Debt Service Coverage
17 Ratio creates risk for NSPML, and in turn for Nova Scotia customers in that if
18 insufficient cash is on hand, NSPML could fall below the required DSCR and could be in
19 default of the ML Credit Agreement. This is not the basis on which this Interim
20 Assessment should be determined.

21
22 The Maritime Link financing has provided Nova Scotia customers with a low risk
23 financing arrangement at a 70 percent debt financing structure and a "AAA" rating.
24 NSPML should not be placed in a position where it is at risk of not meeting a standard
25 requirement under this financing arrangement as provided by the Government of Canada.

**Agreement Providing Key Terms and Conditions For the
FEDERAL LOAN GUARANTEE BY HER MAJESTY THE QUEEN IN RIGHT OF CANADA
FOR THE DEBT FINANCING OF THE LOWER CHURCHILL RIVER PROJECTS**

PREAMBLE

Nalcor Energy (“Nalcor”), Emera Inc. (“Emera”), the Province of Newfoundland and Labrador (“NL”), and the Province of Nova Scotia (“NS”) have informed Her Majesty the Queen in Right of Canada (“Canada”) (all collectively called the “Parties”) that Nalcor and Emera or their affiliates intend to develop, construct and operate, with the support of NL and NS, the Muskrat Falls Generation Facility, Labrador Transmission Assets, Labrador Island Link, and Maritime Link Projects (the “Projects”). Canada, NL, and NS subsequently signed a Memorandum of Agreement to support the Projects on August 19, 2011 (the “MOA”).

It is essential to Canada that the Projects have national and regional significance, economic and financial merit, and significantly reduce greenhouse gas emissions. Canada’s Guarantee of the Guaranteed Debt of each Project will significantly enhance the credit quality of the Financing of each Project. Canada hereby agrees to guarantee the Guaranteed Debt of each Project and will provide the Guarantees for the Projects as more fully described, and subject to the terms and conditions described herein.

The agreements of Canada hereunder are made solely for the benefit of Nalcor, Emera, and their affiliates including the Borrowers, and for the benefit of the Lenders ultimately selected by them to make the Financing available for the Projects and may be relied upon by all such persons but may only be enforced by Nalcor and Emera and affiliates including the Borrowers.

Once it has been accepted by all the Parties, this agreement may be disclosed publicly by or on behalf of any of Canada, Nalcor, Emera, their affiliates, NL and NS.

As regards the MF, LTA and LIL Projects, MFCo, LTACo, LILCo, LIL Opco, Nalcor, NL and Canada, this agreement shall be governed by, and construed in accordance with, the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein and all actions, suits and proceedings arising will be brought in the courts of competent jurisdiction of NL, subject to any right of appeal to the Federal Court of Appeal or to the Supreme Court of Canada. As regards the ML, MLCo, Emera, NS and Canada, this agreement shall be governed by and construed in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein and all actions, suits and proceedings arising will be brought in the courts of competent jurisdiction of NS, subject to any right of appeal to the Federal Court of Appeal or the Supreme Court of Canada. This agreement sets forth the entire agreement among the Parties with respect to the matters addressed herein as regards the Projects and supersedes all prior communications, written or oral, with respect thereto including MOA. This agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement. Delivery of an executed counterpart of this agreement by telecopier or electronically shall be as effective as delivery of a manually executed counterpart of this agreement.

Canada understands that Nalcor and Emera, or their affiliates, will be soliciting offers for the Financings from a range of Lenders. Given the importance of a Federal Loan Guarantee to the Financing for each Project, Canada hereby acknowledges and agrees that upon request by Nalcor or Emera within a reasonable period of time prior to any proposed meeting, it shall make available senior representatives of Canada, and its legal advisors and financial consultants as appropriate, responsible for the provision and oversight of the Federal Loan Guarantee, for participation in meetings with credit rating agencies and potential Lenders to respond to queries concerning the Federal Loan Guarantee.

TERMS AND CONDITIONS**1. THE PROJECTS AND THE TRANSACTION PARTIES**

1.1 Projects:	<p>The Muskrat Falls Generation Facility ("MF"), the Labrador Transmission Assets ("LTA"), the Labrador-Island Link ("LIL") and the Maritime Link ("ML"), each as more fully described as follows:</p> <p>MF: an 824-MW hydro-electric generation facility in the vicinity of Muskrat Falls, Labrador, which Nalcor will develop.</p> <p>LTA: a 345-kV HVac transmission interconnection between Muskrat Falls and Churchill Falls, which Nalcor will develop.</p> <p>LIL: a HVDC transmission line connecting the Island of Newfoundland to generation facilities in Labrador which Nalcor will develop but in which Emera Inc., via a Newfoundland and Labrador corporate entity, will have an opportunity to invest.</p> <p>ML: a transmission line connecting the Island of Newfoundland to the Province of Nova Scotia, which will be developed by Emera.</p> <p>Each of (i) MF and LTA together; (ii) LIL; and (iii) ML is referred to herein as a "Project" and together as the "Projects".</p>
1.2 Guarantor:	Her Majesty the Queen in Right of Canada ("Canada" or "Guarantor").
1.3 Proponents:	Nalcor Energy ("Nalcor"), acting on its own behalf and not as agent of the Province of Newfoundland and Labrador ("NL Crown"), and Emera Inc. ("Emera).
1.4 Borrowers:	MFCo: a special purpose wholly-owned subsidiary of Nalcor.

	<p>LTACo: a special purpose wholly-owned subsidiary of Nalcor.</p> <p>LILCo: a special purpose limited partnership controlled by Nalcor and held by it alone or together with Emera (“LILCo”). The obligations of LILCo will be guaranteed by LIL OpCo, a special purpose wholly-owned subsidiary of Nalcor (“LIL OpCo”).</p> <p>MLCo: a special purpose wholly-owned subsidiary of Emera.</p> <p>Each a “Borrower” and collectively, the “Borrowers”.</p>
1.5 Lenders:	<p>Subject to the form of Financing Structure selected by the Borrower, with respect to each Borrower, a financial institution or a group of financial institutions or financiers that will purchase debt securities to be issued by such Borrower or make credit facilities available to such Borrower, which will be guaranteed by Canada pursuant to the Federal Loan Guarantee, defined herein (the “Lender” or “Lenders”). Lenders shall include a Guarantee Agent and Collateral Trustee for the benefit of the Lender, where applicable.</p>
<p><u>2. TRANSACTIONS</u></p>	
2.1 Federal Loan Guarantee:	<p>The Federal Loan Guarantee (“FLG”) shall, in respect of each Project, be an absolute, continuing, unconditional and irrevocable guarantee of payment (not collection) when due of the Guaranteed Debt of the relevant Borrower to the Lenders. The Lenders shall not be bound to pursue or exhaust their recourses against the relevant Borrower or any security held by them before demanding payment from the Guarantor.</p> <p>Subrogation - Canada shall be subrogated in the rights of the Lenders for any Project in respect of and at the time of each and every particular payment made by the Guarantor.</p> <p>Acceleration - It shall be a term of any Financing Document for any Project that in the event of default by a Borrower thereunder, the Lenders shall not accelerate the loan.</p> <p>With respect to MF, LTA and LIL, “FLG Agreement” means the agreement among the Guarantor, MFCo, LTACo, LILCo and Nalcor containing their respective rights and obligations as contained in this Term Sheet. With respect to ML, “FLG Agreement” means the agreement among the Guarantor, ML and Emera containing their respective rights and obligations as contained in this Term Sheet.</p>
2.2 Transaction Structure:	<p>Canada, the Borrowers and the Proponents will work to agree on a Transaction Structure that in conjunction with the FLG Agreement will result in the Project debt achieving Canada’s AAA credit rating. The parties agree that the credit rating agencies will be asked to confirm that the FLG Agreement and Transaction Structure would achieve this objective. The Parties agree that they will work together to finalize the Transaction Structure and form of</p>

	<p>Guarantee, including obtaining confirmation from the credit rating agencies, by January 31, 2013 in order to facilitate the start of the financing process.</p>
<p>2.3 Financing Structure:</p>	<p>Following the execution and delivery of all Financing Documents (defined in Section 3.5), (“Financial Close”), the Borrowers intend to pay for Project costs which would include construction costs, interest, fees and other related costs, using a combination of equity to be provided by the Proponents and debt to be made available by the relevant Lenders.</p> <p>The Parties agree that Financial Close for ML must occur by the later of 90 days after the Nalcor Projects, or December 31, 2013.</p> <p>The Financing Structure will be flexible enough to allow each Borrower to raise debt , by way of:</p> <ul style="list-style-type: none"> (i) bank credit facilities; (ii) a commercial paper program; (iii) a single bond or a series of bonds with staggered short-term maturity dates or a single maturity date issued and maturing within the Construction Period (the period between Financial Close and Commercial Operations Date (defined herein)); (iv) a single long-term bond or a series of long-term bonds issued during the Construction Period; or (v) a combination of one or more of the foregoing options, together with any related hedging instruments. <p>The Guaranteed Debt incurred during the Construction Period for each Project may be refinanced by way of loans, bonds or a combination thereof, provided that:</p> <ul style="list-style-type: none"> (a) the principal amount of such refinancing does not exceed the then outstanding principal amount of the Guaranteed Debt; and (b) the term thereof does not extend beyond the end of the FLG Term, it being expressly agreed that any loan or bond that matures on or after the earlier of: (i) 2 years after COD; or (ii) 7 years after Financial Close, may not be further refinanced. <p>All of the foregoing is hereinafter collectively referred to as the “Financing”.</p> <p>As may be required by the nature of the Financing, a hedging program shall be put in place for each Borrower at Financial Close. In order to ensure certainty in the cost of the Financing for each of the Projects, any interest expense risk will be hedged. The Project hedging principles will be agreed to with the Guarantor prior to Financial Close.</p> <p>Canada, the Borrowers and the Proponents will work to agree on a Financing Structure for the Projects, it being acknowledged that a range of financing structures may be considered.</p> <p>“Commercial Operations Date” (“COD”), in respect of each Project, shall be the date upon which construction is certified by the Borrowers’ Engineer to be complete and confirmed by the Independent Engineer, which is currently expected to be July, 2017.</p>
<p><u>3. FLG TERMS</u></p>	

3.1 Guaranteed Debt:	<p>A. The total maximum amount of borrowing and hedging obligations (including principal, interest, fees, and costs) under the Financing to be guaranteed by Canada (“Guaranteed Debt”) shall be the lesser of the following for each of the Projects:</p> <p>i. A fixed dollar-based cap of \$6.3 billion, allocated among the Projects as follows:</p> <ul style="list-style-type: none"> a. MF/LTA: up to \$2.6 billion, b. LIL: up to \$2.4 billion; and c. ML: up to \$1.3 billion; <p>herein called “Individual Project Debt Caps”.</p> <p>ii. The amount of debt implied by the maximum Debt to Equity Ratios (“DER”) for each Project as follows:</p> <ul style="list-style-type: none"> a. MF/LTA: 65:35 b. LIL: 75:25 c. ML: lower of Nova Scotia Utility and Review Board (UARB) approval or 70: higher of UARB approval or 30; or <p>iii. The amount of debt that provides a minimum Debt Service Coverage Ratio (“DSCR”) of 1.40x for each Project throughout the Term of the FLG.</p> <p>B. The terms and conditions of the Guaranteed Debt shall be those commonly used in similar commercial transactions, shall be subject to Canada’s approval, acting reasonably, and shall include the following:</p> <ul style="list-style-type: none"> (i) Rate of Interest that is no greater than that which would be offered by Lenders to an entity with a “AAA” credit rating; (ii) The proceeds from the Guaranteed Debt and the Additional Debt shall be used for the sole purpose of the Project; and (iii) Any long-term bond issued in connection with the Guaranteed Debt may carry a call feature.
3.2 Term of the FLG:	<p>The FLG Term shall begin on Financial Close and shall terminate on the earlier of: (a) payment in full of the Guaranteed Debt; or (b) the Maximum Term for each Project, as follows:</p> <ul style="list-style-type: none"> (i) MF/LTA: 35 years after Financial Close; (ii) LIL: 40 years after Financial Close; and (iii) ML: 40 years after Financial Close.
3.3 FLG Amortization Profile:	<p>The Guaranteed Debt shall be repaid in accordance with the following amortization profile:</p> <p>MF/ LTA : simple mortgage-style amortization, ending no later than 35 years after Financial Close;</p> <p>LIL : level amortization, ending no later than 55 Years after Financial Close; and</p>

	<p>ML : level amortization, ending no later than 40 years after Financial Close.</p> <p>The Amortization period is to begin on the earlier of:</p> <p>(i) Commercial Operations Date, and</p> <p>(ii) seven (7) years after Financial Close.</p> <p>The Amortization Profile shall be such that there is no principal outstanding at the end of each amortization period for each Project.</p> <p>In each case, save if bullet maturity bonds are used, there shall be at least one payment a year.</p> <p>Bullet maturity bonds may be used instead of amortizing bonds. Bullet maturities will be matched as closely as possible to the relevant FLG Amortization Profile.</p>
3.4 FLG Maximum Exposure:	The maximum exposure to the Guarantor under the FLG at any given time shall be the actual amount outstanding on the Guaranteed Debt at such time based on the FLG Amortization Profile.
3.5 FLG Conditions Precedent:	<p>A. The following conditions precedent (the “FLG Conditions Precedent”) must be satisfied in form and substance acceptable to the Guarantor prior to the execution and delivery of the FLG for all Projects:</p> <p>(i) Confirmation by Credit Rating Agencies of indicative credit ratings for each of MF, LTA, and LIL (prepared on a non-guaranteed basis) equal to or higher than investment grade;</p> <p>(ii) Provision by Credit Rating Agencies of indicative credit ratings for the ML (prepared on a non-guaranteed basis and based on information provided in the application to the UARB) equal to or higher than investment grade;</p> <p>(iii) Enactment of legislation, and execution of formal agreements between the NL Crown and Nalcor (or related entities), which put into legally binding effect the commitments made by the NL Crown as outlined in Schedule “A”, both the legislation and the agreements being to the Guarantor’s satisfaction.;</p> <p>(iv) The formalization of a regulatory framework by the Province of Nova Scotia (“NS”) in legislation and/or regulations;</p> <p>(v) Execution of an inter-governmental agreement (the “IGA”) between Canada and the NL Crown in which NL Crown:</p> <p>(a) makes the commitments outlined in Schedule “A” to Canada;</p> <p>(b) indemnifies Canada for any costs that it may incur under the FLG as a result of a regulatory decision or regulatory change (including through legislation or policy) that prevents a Borrower from recovering Project costs and fully servicing the Guaranteed Debt; and</p> <p>(c) guarantees completion of the MF, LTA and LIL Projects to COD such that, where non-completion is due to NL Crown’s failure to comply with the commitments outlined in Schedule “A”, NL Crown shall indemnify Canada for any costs Canada may incur as a result of those Projects not achieving COD.</p> <p>(vi) Execution of an agreement between Canada and NS in which NS</p>

	<p>indemnifies Canada for any costs it may incur under the FLG as a result of a regulatory decision or regulatory change (including through legislation or policy) that prevents a Borrower from recovering Project costs and fully servicing Guaranteed Debt;</p> <p>(vii) Sanction of all Projects, including ML;</p> <p>(viii) Execution of an agreement (the “Emera Guarantee Agreement”) between Canada and Emera, wherein Emera shall guarantee:</p> <p>(a) the payment of \$60 million to the Guarantor in the event that Financial Close is not achieved by the date set out herein or funds are not drawn from Guaranteed Debt within a reasonable time after Financial Close; and</p> <p>(b) following the first draw of Guaranteed Debt, Emera will guarantee to complete the ML or to provide required funds to complete the ML;</p> <p>(ix) That all necessary environmental legal and policy authorities have been complied with to the satisfaction of the Guarantor; and</p> <p>(x) That all necessary aboriginal consultation obligations have been complied with to the satisfaction of the Guarantor.</p> <p>B. The following conditions precedent (the “FLG Conditions Precedent”) must be satisfied by the applicable Borrower in form and substance acceptable to the Guarantor prior to the execution and delivery of the FLG for each Project of such Borrower:</p> <p>(i) Execution of the FLG Agreements and all other relevant documents necessary to effect Financial Close (“Financing Documents”);</p> <p>(ii) Provision by Credit Rating Agencies of indicative credit ratings for the ML (prepared on a non-guaranteed basis) equal to or higher than investment grade in the event that the UARB decision differs from the application submitted by MLC0;</p> <p>(iii) Satisfaction, in the sole discretion of the Guarantor, of any and all Project-related due diligence deemed necessary by the Guarantor, including satisfactory review of all required revenue-producing agreements and other agreements including the MF PPA, TFA, LIL Assets Agreement;</p> <p>(iv) Approval by the Guarantor, acting reasonably, of the Financing, Financing Structure, Financing Documents, and the Transaction Structure;</p> <p>(v) A report provided by an independent expert that the Projects have sufficient insurance coverage in place that is customary in projects of this nature and size;</p> <p>(vi) As required by the nature of the Financing, an interest rate hedging program be in place to hedge expected interest expense with respect to the Guaranteed Debt;</p> <p>(vii) All necessary permits, approvals, land-use agreements and other authorizations required at Financial Close have been obtained;</p>
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	<p>(viii) Execution and delivery of the indemnity referred to in Section 4.9;</p> <p>(ix) Review of technical aspects of the Projects, including engineering, water resource and any other required due diligence by the Independent Engineer (as defined herein), and preparation and finalization (as confirmed by the Guarantor and Lenders, acting reasonably) of a technical due diligence report (the "IE DD Report") confirming that the Project execution plans are commercially reasonable, and consistent with Good Utility Practice; and</p> <p>(x) Other Conditions Precedent customarily included in commercial project financing transactions.</p>
Date: _____	All reasonable third-party costs incurred by the Guarantor in relation to an FLG shall be at the expense of the Borrower for the benefit of which such FLG has been issued.
3.6 Costs Incurred by Guarantor:	
3.7 Guarantee Fee:	No fees shall be payable to the Guarantor in respect of the provision of any FLG.
3.8. Commitment Fees:	Any fees paid to the Lenders under the Project Financing, such as commitment fees or up-front fees, shall be commercially reasonable.
<u>4. PROJECT DEBT</u>	
4.1 Debt Service Coverage Ratio Definition and Test:	<p>Definition:</p> <p>The Debt Service Coverage Ratio ("DSCR") in respect of any Borrower, and in respect of any 12-month period shall be calculated as follows:</p> <p>DSCR = Base Cash Flow / Debt Service, where:</p> <p>Base Cash Flow = Liquidity Reserves plus Contracted Revenues less Cash Operating Costs</p> <p>Debt Service = Amortization plus Interest Expense</p> <p>Amortization = The amortization amount corresponding to the FLG Amortization profile in respect of each Borrower</p> <p>Interest Expense = The interest expense for the period</p> <p>Contracted Revenues:</p> <p>(i) MF:</p> <p style="padding-left: 40px;">(a) For purposes of Initial Debt Sizing, DSCR shall include only the Base Block Revenue plus Liquidity Reserve; and</p> <p style="padding-left: 40px;">(b) For all other purposes, DSCR shall include the Base Block Revenue plus Liquidity Reserve, plus revenue from power purchase agreements with investment grade parties, based on total annual energy sales not to exceed (P50) energy production for MF.</p> <p>(ii) LTA: For all purposes, DSCR shall include LTA Tariff Revenue plus Liquidity Reserve.</p> <p>(iii) LIL: For all purposes, DSCR shall include revenue from NL Hydro under</p>

	<p>the LIL Assets Agreement plus any Liquidity Reserve.</p> <p>(iv) ML: For all purposes, DSCR shall include revenues collected from ratepayers under the cost-recovery framework imposed by the Nova Scotia Utility and Review Board plus any Liquidity Reserve.</p> <p>Cash Operating Costs includes all cash costs of the Borrower, excluding interest and principal on any Guaranteed Debt.</p> <p><u>Test:</u></p> <p>The DSCR Test shall apply both prospectively and retrospectively except as follows:</p> <p>(a) The DSCR Test shall apply prospectively in the context of the maximum Guaranteed Debt as defined in 3.1; and</p> <p>(b) The DSCR Test shall apply prospectively in the context of the Additional Debt. For purposes of the ML, the prospective calculation of the DSCR shall be based on the UARB-approved return on equity.</p> <p>DSCR will be calculated monthly on a rolling 12-month basis.</p> <p>“Base Block Revenue” means amounts paid by NL Hydro to MF in respect of the Base Block Energy purchase commitments as set out in the MF power purchase agreement and as described in the Memorandum of Principles.</p>
4.2 Debt Service Coverage Ratio:	The DSCR for each Project shall be a minimum of 1.40x.
	If the DSCR falls below 1.40x, then a 30-day consultation process between the Guarantor and the relevant Borrower is triggered during which time information shall be provided to Canada to advise it of the reasons for such a decline and how the Borrower proposes to increase the DSCR. If it falls below 1.20x, then there shall be no distribution to equity holders. If it falls below 1.10x, it shall constitute an Event of Default.
4.3 Cross-Default Provisions:	<p>MF, LTA, and LIL will have cross-default provisions such that an event of default of any one Borrower will represent an event of default of each of the other two Borrowers.</p> <p>There shall be no cross-default provisions in respect of Maritime Link.</p>
4.4 FLG Events of Default:	<p>The following is a non-exhaustive list of Events of Default in respect of each Project for purposes of the FLG:</p> <p>(i) Failure to satisfy any covenants in the Financing Documents or FLG Agreement, and to cure same within 30 days of notice of default;</p> <p>(ii) Misrepresentation, fraud, or breach of material representation;</p> <p>(iii) Bankruptcy, restructuring, and insolvency of a Proponent or a Borrower;</p> <p>(iv) Termination (other than a scheduled termination), invalidity, unenforceability or default (by any party to such agreement) of any key project agreement (eg. the MF PPA, TFA, LIL Assets Agreement, ML revenue collection agreement) that is not cured within any applicable grace period in that agreement (or within 30 days of the date of occurrence of such event if there is no applicable grace period), or replaced by an equivalent agreement within 30 days. This will be an Event of Default for the defaulting Party only;</p> <p>(v) Sale or Change of Control of Nalcor or the Borrowers, other than</p>

<p>4.5 Lenders' Events of Default:</p>	<p>among the Parties, or non-permitted assignment of any key contracts;</p> <ul style="list-style-type: none"> (vi) Insufficient funding of Cost Overruns or Cost Escalations that continues for 90 days after being identified by the Independent Engineer; (vii) Abandonment of a Project by the owner of the Project; (viii) Breach or termination of any contract of the Borrowers, including the commercial agreements between Nalcor and Emera, that is not cured within any applicable grace period in that agreement, (or within 30 days of the date of occurrence of such event if there is no applicable grace period) or replaced by an equivalent agreement within 30 days. This will be an Event of Default for the defaulting Party only; (ix) Unauthorized sale of any material Project assets; (x) Failure to provide certificate of the Independent Engineer confirming that budgeting and maintenance of the Project is being conducted in conformity with Good Utility Practice and such failure is not cured within 30 days; (xi) The DSCR falls below 1.10x; (xii) Failure to fund or maintain the Debt Service Reserves or the Liquidity Reserves as required in Section 4.16 and to cure same within 5 business days of payment therefrom; (xiii) Failure to pay principal or interest within 5 business days of due date; and (xiv) Other Events of Default customarily included in commercial financing documents. <p>The only Lenders' Event of Default in respect of the Guaranteed Debt shall be the failure by a Borrower and the Guarantor to pay a scheduled principal and interest payment. Upon the occurrence of a Lender's Event of Default, Lenders shall have all available remedies.</p>
<p>4.6 Security:</p>	<p>The security for the Guaranteed Debt shall include the following:</p> <ul style="list-style-type: none"> (i) the assets of the Borrowers (including Liquidity and Debt Service Reserves); (ii) all contracts of the Borrowers, including key project agreements, as identified by the Guarantor; and (iii) the shares of the Borrowers provided that the shares of MFCo, LTACo and LILCo, may only be pledged to Canada or an agent of Canada. <p>For greater certainty, the priorities of Security taken by the Guarantor shall be determined by the Financing Structure agreed upon, and in any event shall be subject in priority only to Security taken by a Lender, if any.</p> <p>The Borrowers shall take all actions necessary, in the opinion of the Guarantor, to maintain the validity, enforceability, and priority of the Guarantor's security.</p>
<p>4.7 Permitted Liens:</p>	<p>The Borrowers shall not be permitted to create or suffer to exist any lien on their assets except liens that are customary in project financing transactions including, without limitation:</p> <ul style="list-style-type: none"> (i) liens for assessments or governmental charges or levies which are not delinquent (taking into account any relevant grace periods) or, if overdue, the

	<p>Additional Debt shall be subject to the following conditions:</p> <p>(a) It shall not be covered by the FLG;</p> <p>(b) It may be secured provided that it is subordinate to the Guaranteed Debt; and</p> <p>(c) It must satisfy the Debt Equity Ratios and DSCR-based tests on a prospective, aggregate basis (taking into account the Guaranteed Debt and the Additional Debt) throughout the term of the Additional Debt.</p> <p>Additional Debt with bullet maturities will be subject to a deemed periodic amortization profile in order to preserve the validity of the DSCR-based test.</p>
<p>4.9 Independent Engineer:</p>	<p>An engineer (the "Independent Engineer" or "IE") shall have been appointed to permit each Lender and the Guarantor to complete their due diligence and to ensure compliance with the terms of the FLG Agreements and all Financing Documents required to effect Financial Close. The Independent Engineer will represent the Guarantor and the Lenders. The Borrowers shall provide written confirmation, that has been confirmed in writing by the IE, that they have no contractual or other relationship with the IE other than the obligation to pay the fees of the IE.</p> <p>The IE shall review the Project documents and any information provided in support of any drawdown requested by a Borrower and shall make a recommendation to the Lender by way of an IE certificate. The Independent Engineer shall be assigned a scope of responsibility designed to ensure the Projects are developed, maintained, and operated in a manner which is consistent with Good Utility Practice (as defined herein).</p> <p>The Independent Engineer shall have full access to all information related to the Projects and access to management and employees of the Proponents or Borrowers as required.</p> <p>The cost of the Independent Engineer shall be borne by the Borrowers.</p> <p>The Borrowers shall indemnify and save the Guarantor harmless from and against any liability that the Guarantor incurs solely by virtue of being found, in respect of the Projects, liable as a partner or joint venturer.</p>
<p>4.10 Expected Costs to Complete:</p>	<p>Cost Overruns for a Project must be funded with Equity and/or Additional Debt (subject to the provisions of section 4.8(a)) as follows:</p> <p>(i) Equal annual amounts calculated by dividing such Cost Overrun amount by the number of years remaining until COD. Each annual payment shall be funded no later than the date of the first advance of Guaranteed Debt in each year prior to COD, and the first annual amount shall be funded prior to the first advance under Guaranteed Debt after such calculation is made;</p> <p>(ii) The Independent Engineer will confirm the Borrower's revised estimates of Expected Costs to Complete and any related changes to the construction schedule, all by way of an IE certificate; and</p> <p>(iii) Adjustments may be made to such funding requirements from time to time as estimates of Expected Costs to Complete (and related date at which COD is expected to be achieved) are updated or</p>

	<p>revised, all as confirmed by the Independent Engineer.</p> <p>The foregoing shall not in any way limit the enforceability of the provisions of Sections 3.1 or 4.8.</p> <p>The expected costs to complete (“Expected Costs to Complete”) in respect of any Borrower at any given time shall be determined by the Borrowers and reviewed and confirmed by the IE by way of an IE certificate to be provided in connection with any drawdown requests prior to COD. The DG3 Capital Cost Estimates shall form the basis for the Independent Engineer’s review of and confirmation of any proposed changes to such estimates on an ongoing basis as construction proceeds. Expected Costs to Complete shall include contingencies and escalation. Expected Costs to Complete shall also include any interest during construction and costs associated with the Financing prior to COD, calculated on a pro forma basis.</p>
4.11 Change of Control:	<p>There shall be no sale or change of control of any Borrower or subsidiaries, except as among the Parties, and no sale of any material Project assets. There shall be no sale or change of control of Nalcor.</p>
4.12 Independent Engineer Certificate post COD::	<p>On each anniversary following COD, and until the end of the FLG Term, the Borrower or the IE shall provide an Independent Engineer’s certificate, in form and substance acceptable to the Guarantor, acting reasonably, confirming that budgeting and maintenance of the Project are being conducted in conformity with Good Utility Practice. Failure of the Borrower to budget and maintain in accordance with Good Utility Practice that results in the IE being unable to provide such certification shall constitute an Event of Default subject to a 30-day cure period.</p>
4.13 Good Utility Practice:	<p>“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.</p>

4.14 Debt-Equity Contributions:	<p>Construction costs shall be funded only with equity prior to Financial Close.</p> <p>Subject to the conditions provided herein (including, without limitation, the Individual Project Debt Caps in respect of any Guaranteed Debt, and the funding of Cost Overruns), following Financial Close, debt and equity funds shall be invested as follows:</p> <p>(i) 100% debt until such time as the target Debt Equity Ratio is achieved; and</p> <p>(ii) thereafter, debt and equity shall be invested on a <i>pro rata</i> basis in accordance with the targeted Debt Equity Ratio for each Project.</p>
4.15 Distributions:	<p>There shall be no distribution to shareholders by the Borrowers:</p> <p>(i) Where the DSCR is below 1.20x;</p> <p>(ii) During the Construction Period; and</p> <p>(iii) Where an Event of Default has occurred which has not been cured during the cure period if same has been provided.</p>
4.16 Debt Service Reserves and Liquidity Reserves:	<p>Each Borrower shall at all times maintain Debt Service Reserves in a dedicated reserve account. The Debt Service Reserves will, at all times, be funded in an amount at least equal to the debt service (principal and interest) obligations of such Borrower for the forward-looking 6-month period. The Debt Service Reserve is for the benefit of the Guarantor and in the event that the Guarantor is required to make payment to the Lenders under the FLG, then it shall be entitled to immediate reimbursement of such amount from the Debt Service Reserve.</p> <p>MFCo and LTACo shall, for the MF/LTA Project, also fund with equity and maintain a Liquidity Reserve in a dedicated reserve account that permits MFCo and LTACo to maintain a DSCR of no less than 1.40x for a period of ten (10) years after COD.</p> <p>LIL and ML may each establish a Liquidity Reserve in connection with the DSCR.</p>
4.17 Prepaid Rent Reserve for LIL:	<p>During the Construction Period all prepaid rent received by LILCo from LIL Opco under the LIL Assets Agreement shall be kept in a reserve account and upon completion and receipt of the first rental payment from LIL Opco the amounts in the prepaid rent reserve shall be released and applied in accordance with the waterfall established under the LIL Project Financing Documents. During the Construction Period, distributions equal to the investment returns on the capital invested in the prepaid rent reserve account may be made to the Nalcor LIL limited partner provided no default or Event of Default exists.</p>

4.18 Reports:	The Guarantor shall be entitled to regular financial and operational reports for the Projects at the expense of the Borrowers. This will include all customary reports and all rights to access and audit as are provided to the Lenders.
4.19 Covenants:	Customary affirmative and negative covenants to be provided by the Borrowers.
4.20 Representations and Warranties:	Customary Representations and Warranties are to be provided by the Borrowers.

SCHEDULE "A"

NL Crown commits to do the following:

1. Approve the creation of those subsidiaries or entities controlled by Nalcor which are required in order to facilitate the development and operation of MF, the LIL and the LTA, and to ensure Nalcor and existing and new subsidiaries or entities have the authorized borrowing powers required to implement the Projects and meet any related contractual or reliability obligations.
2. Provide the base level and contingent equity support that will be required by Nalcor to support successful achievement of in-service for MF, the LTA and the LIL, in cases with and without the participation of Emera.
3. Ensure that, upon MF achieving in-service, the regulated rates for Newfoundland and Labrador Hydro ("NLH") will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for the purchase and delivery of energy from MF, including those costs incurred by NLH pursuant to any applicable power purchase agreement ("PPA") between NLH and the relevant Nalcor subsidiary or entity controlled by Nalcor that will provide for a recovery of costs over the term of the PPA and relate to:
 - a) initial and sustaining capital costs and related financing costs (on both debt and equity), including all debt service costs and a defined internal rate of return on equity over the term of the PPA;
 - b) operating and maintenance costs, including those costs associated with transmission service for delivery of MF power over the LTA (as described further in 5 below);
 - c) applicable taxes and fees;
 - d) payments pursuant to any applicable Impact & Benefit agreements;
 - e) payments pursuant to the water lease and water management agreements; and
 - f) extraordinary or emergency repairs.
4. Ensure that, upon the LIL achieving in-service, the regulated rates for NLH will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for transmission services, including those costs incurred by NLH pursuant to any applicable agreements between NLH, the LIL operating entity and/or the entity holding ownership in the LIL assets, that will provide for a recovery of costs over the service life of the LIL and relate to:
 - a) initial and sustaining capital costs of the LIL and related financing and debt service costs, including a specific capital structure and regulated rate of return on equity equal to, at least, a minimum value required to achieve the debt service coverage ratio agreed to in lending agreements by the LIL borrowing entity;

- b) **operating and maintenance costs;**
 - c) **applicable taxes and fees; and**
 - d) **extraordinary or emergency repairs;**
5. **Ensure that, upon LTA achieving in-service, the regulated rates for the provision of transmission service over the LTA will provide for a recovery of costs over the service life of the LTA including initial and sustaining capital costs, operating and maintenance costs, extraordinary or emergency repairs, applicable taxes and fees and financing costs (on both debt and equity), including all debt service costs and a defined internal rate of return on equity over the term of any applicable agreement.**

This agreement shall ensure to the benefit of Nalcor and Emera and their affiliates including the Borrowers and their respective permitted successors and assigns and shall be binding on the Parties. The Parties represent and warrant that once this agreement is accepted by the Parties as herein provided, it shall constitute the irrevocable, legal, valid and binding obligation of the Parties, enforceable in accordance with its terms.

IN WITNESS WHEREOF each of the Parties has executed this agreement as of the date set forth below.

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by The Right Honourable Prime Minister of Canada,

Per:  _____

The Honourable Stephen Harper

Date: _____

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Premier

Per:  _____

The Honourable Kathy Dunderdale

Date: _____

HER MAJESTY IN RIGHT OF NOVA SCOTIA, as represented by The Premier

Per:  _____

The Honourable Darrell Dexter

Date: _____

NALCOR ENERGY


Per: 

Name:

Title:

Date:

I / we have authority to bind the Corporation

EMERA INC. 

Per:

Name:

Title:

Date:

I/we have authority to bind the Corporation

NOV 30 2012

ML CREDIT AGREEMENT

AMONG

**THE TORONTO-DOMINION BANK,
as Collateral Agent**

AND

**BNY TRUST COMPANY OF CANADA,
as ISSUER TRUSTEE of
MARITIME LINK FINANCING TRUST,
as the Funding Vehicle**

AND

**NSP MARITIME LINK INCORPORATED,
as the Borrower**

DATED AS OF February 24, 2014

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MARITIME LINK CREDIT AGREEMENT is made as of February 24, 2014

AMONG: **THE TORONTO-DOMINION BANK**, as Collateral Agent

AND: **BNY TRUST COMPANY OF CANADA**, as Issuer Trustee of
MARITIME LINK FINANCING TRUST, as the Funding Vehicle

AND: **NSP MARITIME LINK INCORPORATED**,
as the Borrower

WITNESSETH THAT:

WHEREAS the Funding Vehicle intends to borrow funds pursuant to the Funding Transaction Documents by issuing FV Obligation Bonds and/or FV Pledge Bonds from time to time pursuant to the MTI for the sole purpose of lending those funds to the Borrower and the Funding Vehicle will then onlend the funds it borrows to the Borrower pursuant to this Agreement so that the Borrower may finance, in part, the Project Costs;

WHEREAS pursuant to and in accordance with the provisions of the Collateral Agency Agreement, the Collateral Agent has agreed to perform various duties in connection with the ML Project Finance Documents;

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration given by each of the parties hereto, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions and Interpretation

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in Exhibit "A" attached hereto. The rules of interpretation set forth in Article 1 of the Exhibit "A" apply to this Agreement.

1.2 Recitals

The recitals of this Agreement shall form an integral part hereof, as if at length recited herein.

1.3 Headings, etc

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "**ML Credit Agreement**", "**this ML Credit Agreement**", "**this Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

1.4 Severability

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that (i) the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and (ii) the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby. With the consent of the other parties hereto, the Collateral Agent (acting in accordance with Requisite Instructions) and such other parties hereto shall change this Agreement to replace any invalid or unenforceable provision contained in this Agreement with a valid and enforceable provision which has the commercial effect as close as possible to that of the invalid and unenforceable provision, to the extent permitted by Applicable Law.

1.5 References to Acts of the Trustees

For greater certainty, where any reference is made in this Agreement to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a Proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to (a) the Funding Vehicle or (b) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or

liability of, an asset or right of, a discharge or release to be provided by, a Proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to the Issuer Trustee as trustee of the Funding Vehicle. It is hereby acknowledged and agreed that, subject to the ML FV Declaration of Trust, the Issuer Trustee may appoint any Person to manage any of the Assets of the Funding Vehicle, respectively, and to appoint any agent to transact any business on behalf of the Funding Vehicle, respectively, and therefore, any acts to be performed by the Issuer Trustee may be performed by any such Person or agent.

1.6 **Governing Law**

This Agreement will be construed in accordance with the Laws of NS and the federal Laws of Canada applicable therein and will be treated in all respects as a NS contract. All Proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NS, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

1.7 **Exhibits and Schedules**

The following are the Schedules attached to this Agreement and deemed to be part thereof:

Exhibit "A"	Definitions
Exhibit "B"	Financing and Payment Terms and Sinking Fund Payments
Schedule "A"	ML Land Area
Schedule "B"	Material Project Documents and Authorizations
Schedule "C"	Applicable Laws
Schedule "D"	Environment
Schedule "E"	Sources and Uses of Funds
Schedule "F"	Litigation
Schedule "G"	Corporate Structure and Location of Assets
Schedule "H"	Aboriginal Matters
Schedule "I"	IE Certificate
Schedule "J"	Operating Report
Schedule "K"	Construction Report
Schedule "L"	Commissioning Certificate
Schedule "M"	Commissioning Confirmation
Schedule "N"	Distribution Certificate
Schedule "O-1"	Final Funding Request

Schedule "O-2"	Post-Commissioning Funding Request
Schedule "P"	Funding Request
Schedule "Q"	Independent Engineer's Confirmation
Schedule "R"	ML Compliance Certificate
Schedule "S"	ML Draw Request
Schedule "T"	Key Sites
Schedule "U"	Project Budget
Schedule "V"	Project Schedules
Schedule "W"	Prepayment Notices
Schedule "X"	Form of Letter of Credit
Schedule "Y"	Financial Model Requirements
Schedule "Z"	Sinking Fund Investments
Schedule "AA"	Basis of Design
Schedule "BB"	WCR Release and Equity Funding Notice
Schedule "CC"	Funding Request Supporting Documentation
Schedule "DD"	System Completion Plan

1.8 **Time of the Essence**

Time shall in all respects be of the essence of this Agreement.

ARTICLE 2

ML CONSTRUCTION FACILITY

2.1 **Grant of ML Construction Facility**

The Funding Vehicle agrees, upon the terms and subject to the conditions of this Agreement, to lend to the Borrower an amount of up to but not exceeding, in the aggregate, the principal amount of the ML Construction Facility.

2.2 **Purpose**

All Advances under the ML Construction Facility shall be used by the Borrower exclusively for the purpose of financing the Project Costs; for greater certainty, no Advances under the ML Construction Facility shall be used for the repayment of any principal amount of Additional Debt.

2.3 **Facility Limit**

- 2.3.1 As of the Closing Date, the aggregate amount of the ML Construction Facility and the ML Letter of Credit Facility shall be equal to the total amount of the FV Debt which shall not be greater than the maximum aggregate amount of CDN\$1.3 billion. For greater certainty, the total amount of the FV Debt for such purposes shall include the face amount of all FV Pledge Bonds irrespective of the actual Indebtedness of the Funding Vehicle to the holders thereof.
- 2.3.2 The ML Construction Facility shall be comprised of tranches of debt corresponding to each series of FV Bonds issued under and pursuant to the MTI and each Supplemental Indenture. The financing and payment terms of each tranche of the ML Construction Facility shall be set out in the applicable schedule to Exhibit B of this Agreement. As each series of FV Bonds is issued, there shall be a corresponding schedule to Exhibit B added to this Agreement setting out the applicable financing and payment terms of such tranche of the ML Construction Facility.
- 2.3.3 Where under any of the terms hereof, the ML Construction Facility or any portion thereof is cancelled, reduced or terminated, same may not subsequently be increased, any such cancellation, reduction or termination thereof being permanent.

2.4 **Nature and Availability**

- 2.4.1 The ML Construction Facility is available on a non-revolving basis such that the Borrower may not reborrow the whole or any part of any Advance previously repaid, any such repayment automatically reducing the ML Construction Facility by an amount equal to the amount repaid.
- 2.4.2 The ML Construction Facility is available in Canadian Dollars only.
- 2.4.3 ML Drawdowns under the ML Construction Facility may only be made during the Construction Period except for ML Drawdowns to fund Post-Commissioning Eligible Project Costs which may be made for a period of two (2) years following the end of the Construction Period.

2.5 **Borrowing Procedures**

In order to obtain a ML Drawdown on any ML Drawdown Date hereunder, the Borrower must deliver to the Collateral Agent a ML Draw Request at the latest by 10:00 a.m., Atlantic time on the ML Drawdown Date, concurrently with the Funding Request, Final Funding Request or Post-Commissioning Funding Request, as the case may be, relating to the proposed ML Drawdown Date. Once delivered, no ML Draw Request may subsequently be revoked or withdrawn by the Borrower. With the consent of the Collateral Agent acting in accordance with Requisite Instructions, the Borrower may submit more than one ML Draw Request per month and there may be more than one Advance per month. Any ML Drawdown shall be apportioned amongst each tranche of

the ML Construction Facility in such amounts as reasonably determined by the Funding Vehicle in consultation with the Borrower.

2.6 **Repayments**

- 2.6.1 On each FV Payment Date, the Borrower hereby agrees to repay the portion of the principal amount of the ML Construction Loan outstanding on such date which is equal to the repayment of principal payable by the Funding Vehicle on such FV Payment Date relating to the applicable FV Bond, as evidenced by the corresponding schedule under Exhibit B.
- 2.6.2 The Borrower hereby agrees to repay on the date which is two (2) Business Days prior to each FV Bond Maturity Date, the sum of (a) the portion of the principal amount of the ML Construction Loan outstanding on such date relating to the applicable FV Bond, as evidenced by the corresponding schedule under Exhibit B, and (b) accrued and unpaid interest, fees and other amounts and interest on arrears of interest, fees and other amounts relating to such portion of the ML Construction Loan, accrued and unpaid up to, but excluding, the FV Bond Maturity Date.

2.7 **Voluntary Prepayments**

- 2.7.1 The Borrower may voluntarily prepay at any time the whole or any portion of the ML Construction Loan by paying to the Collateral Agent, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions), for the account of the Funding Vehicle, before 1:00 p.m., Atlantic time, on the ML Voluntary Prepayment Date.
- 2.7.2 If the Borrower voluntarily elects to prepay the whole or any portion of the ML Construction Loan, the amount payable on the ML Voluntary Prepayment Date shall be equal to the sum of (i) the aggregate principal amount of the ML Construction Loan to be repaid on such date; (ii) accrued and unpaid (a) interest on such principal amount, and (b) the ML Financing Fee, in an aggregate amount which, together with the amount in (a), shall be at least equal to the aggregate amount of interest accrued on the FV Bonds which will be payable on the FV Bond Redemption Date; and (iii) any ML Make-Whole Amount applicable to such FV Bonds (unless the Borrower pays the FV Bond Make-Whole Amount directly).
- 2.7.3 The Borrower shall issue a ML Voluntary Prepayment Notice at the latest by 10:00 a.m., Atlantic time, at least 35 days prior to the proposed ML Voluntary Prepayment Date. Once delivered, no ML Voluntary Prepayment Notice may be revoked or withdrawn by the Borrower.
- 2.7.4 Upon a ML Voluntary Prepayment Notice for the prepayment of the whole of the ML Construction Loan having been so given, the ML Construction Loan will thereupon be due and payable in an amount equal to that set forth in subsection 2.7.1 on the ML Voluntary Prepayment Date, in the same manner and

with the same effect as if such date were the maturity date of the ML Construction Loan, anything herein to the contrary notwithstanding, and from and after such ML Voluntary Prepayment, if the moneys necessary to prepay the ML Construction Loan are paid as herein provided, the ML Construction Loan will not be considered outstanding hereunder and interest and ML Financing Fee in respect of the ML Construction Facility will cease from the ML Voluntary Prepayment Date.

2.8 **Sinking Fund Account Payments**

The Borrower hereby agrees to pay to the Collateral Agent, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions), for deposit in the Sinking Fund Account, on each Sinking Fund Deposit Date, a total amount determined by aggregating the amounts set forth beside each such Sinking Fund Deposit Date as set out in each applicable schedule to Exhibit B hereto (each such payment being a "**Sinking Fund Payment**"), less any amount transferred to the Sinking Fund Account pursuant to Section 2.9 and required to be imputed towards such Sinking Fund Payment in accordance with the provisions of Section 2.9. Amounts so deposited in the Sinking Fund Account shall only be released by the Collateral Agent in accordance with Section 8.7. The Borrower shall invest any amounts held in the Sinking Fund Account in accordance with Schedule "Z".

2.9 **Prepayment of Sinking Fund Account**

If as a result of the application of paragraphs (v) to (xiv) of the definition of "Final Funding Request":

2.9.1 there remains a balance in the Borrower Project Funding Account or the Working Capital Reserve Account, the aggregate amount of such balance, as calculated pursuant to paragraph (xvii) of the definition of "Final Funding Request", shall on the date of the Advance relating to the Final Funding Request, be transferred to the Sinking Fund Account; and

2.9.2 the Available ML Construction Facility is greater than nil, an Advance shall be deemed to have been requested pursuant to the ML Draw Request delivered in connection with the Final Funding Request in an amount sufficient to reduce the Available ML Construction Facility to nil, and such amount shall be deposited into the Sinking Fund Account;

and the amounts contemplated in subsections 2.9.1 and 2.9.2 shall be imputed to the Sinking Fund Payments on each Sinking Fund Deposit Date in the chronological order thereof.

2.10 **Letter of Credit Facility**

2.10.1 The Funding Vehicle agrees to arrange the ML Letter of Credit Facility with one or more ML L/C Issuers. The purpose of the ML Letter of Credit Facility is to cause the issuance of letters of credit by the ML L/C Issuers on behalf of

the Borrower as may be reasonably required to facilitate the development, construction and operation of the Project. The ML Letter of Credit Facility shall be a revolving facility which shall not exceed the aggregate amount of all letter of credit facilities under which the Funding Vehicle is entitled to draw from time to time.

- 2.10.2 To request the issuance of a letter of credit (or the amendment, renewal or extension of an outstanding letter of credit), the Borrower shall deliver to the Funding Vehicle and the Collateral Agent (at least ten (10) Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a letter of credit, or identifying the letter of credit to be amended, renewed or extended, the date of issuance, amendment, renewal or extension, the date on which such letter of credit is to expire, the amount of such letter of credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such letter of credit.
- 2.10.3 The Borrower shall pay to the Funding Vehicle in respect of each letter of credit issued under the ML Letter of Credit Facility, on the basis of the undrawn amount of the applicable letter of credit, the amount of the ML L/C Fee for the Funding Vehicle to pay such ML L/C Fee to the ML L/C Issuers on behalf of the Borrower. Such ML L/C Fee shall be payable by the Borrower on each ML Interest Payment Date as applicable.
- 2.10.4 If a ML L/C Issuer shall make any disbursement pursuant to a letter of credit issued under the ML Letter of Credit Facility, the amount of such disbursement shall immediately be deemed to be an Advance for all purposes under the ML Construction Facility.

ARTICLE 3

INTEREST AND FINANCING FEES

3.1 **Interest**

- 3.1.1 The Borrower hereby covenants and agrees to pay to the Collateral Agent, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions), for the account of the Funding Vehicle, interest on each Advance under the ML Construction Loan at an annual rate equal to the Applicable Interest Rate for such Advance.
- 3.1.2 Each Advance under the ML Construction Loan shall bear interest from and including the date of the Advance hereunder at a rate equal to the Applicable Interest Rate for such Advance payable in arrears on each ML Interest Payment Date.
- 3.1.3 Interest on each Advance is payable on each ML Interest Payment Date (i) in respect of the first ML Interest Payment Date, in an amount of interest accrued

and to accrue from the date of the Advance hereunder up to and including the Business Day immediately following such ML Interest Payment Date, and (ii) in respect of any ML Interest Payment Date thereafter, in an amount of interest accrued from the later of the immediately preceding ML Interest Payment Date and the date of such Advance up to and including such subsequent ML Interest Payment Date.

- 3.1.4 Interest on all overdue interest on each Advance under the ML Construction Loan shall be calculated, compounded and payable in accordance with the corresponding schedule to Exhibit B of this Agreement as it relates to such Advance or tranche of the ML Construction Loan and as set forth in the definition of Applicable Interest Rate.
- 3.1.5 Interest payable on each Advance under the ML Construction Loan shall be payable after as well as before maturity and after as well as before default and judgement.
- 3.1.6 As additional interest payable on the Advances under the ML Construction Loan, the Borrower hereby covenants and agrees to pay to the Collateral Agent, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions), for the account of the Funding Vehicle, on an annual basis, on the last Business Day of each calendar year, an amount equal to CDN\$10,000.

3.2 **Financing Fees**

- 3.2.1 The Borrower hereby covenants and agrees to pay to the Collateral Agent, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions), for the account of the Funding Vehicle, a financing fee in respect of each ML Interest Payment Date, in the amount, if any, by which (i) the aggregate amount of interest payable by the Funding Vehicle in respect of the FV Debt on such date exceeds the sum of (ii) the amount of interest or other income earned or realized by the Funding Vehicle on Investments, including on the proceeds of the FV Bonds which have not been disbursed to the Borrower, since the last ML Interest Payment Date and (iii) the amount of interest otherwise payable hereunder by the Borrower in respect of the ML Construction Loan on such date pursuant to Article 3 (not including pursuant to Section 3.1.6) (the "**ML Financing Fee**"). The ML Financing Fee is payable on each ML Interest Payment Date. If, at the end of the fiscal year of the Funding Vehicle, the sum of the amounts in clauses (ii) and (iii) above for the entire fiscal year of the Funding Vehicle exceeds the sum of the amounts in clause (i) for the entire fiscal year, then the Collateral Agent, acting in accordance with Requisite Instructions, shall cause to be paid from the FV Payment Account, on behalf of the Funding Vehicle, to the Borrower the difference as a refund of the ML Financing Fee for the fiscal year (and, if in excess of such ML Financing Fee already paid, then as a refund of interest paid on the Advances under the ML Construction Loan under subsection 3.1.1) and provided further that if the Issuer

Trustee determines that the Funding Vehicle will have taxable income for the fiscal year in excess of CDN\$10,000, then the Collateral Agent, acting in accordance with Requisite Instructions, shall cause to be paid from the FV Payment Account, on behalf of the Funding Vehicle, to the Borrower such amount as will result in the Funding Vehicle having taxable income of CDN\$10,000 as a refund of the ML Financing Fee for the fiscal year (and, if in excess of such ML Financing Fee already paid, then as a refund of interest paid on the Advances under the ML Construction Loan under subsection 3.1.1).

3.2.2 Interest on all overdue ML Financing Fees payable shall be calculated, compounded and payable in accordance with, *mutatis mutandis*, the provisions of subsection 3.1.4.

3.2.3 The ML Financing Fee payable shall be payable after as well as before maturity and after as well as before default and judgement.

3.3 **Aggregate Interest and Financing Fee payable on each ML Interest Payment Date**

The parties hereby acknowledge and agree, for greater certainty, that the sum of the interest and the ML Financing Fee payable on each ML Interest Payment Date during the Construction Period pursuant to Article 3 shall be at least equal to the aggregate amount of interest payable by the Funding Vehicle, on such date, for the FV Debt.

3.4 **Advances to Pay Interest on Advances during the Construction Period**

Interest payable on each Advance outstanding under the ML Construction Facility shall be paid on each ML Interest Payment Date for such Advance and the amount of such interest payable on such ML Interest Payment Date during the Construction Period shall be paid by means of a ML Drawdown on such ML Interest Payment Date of an Advance of the same type as the Advance on which interest was due and in the amount of such interest without compliance with the provisions of Section 2.5, Section 7.1, Section 7.2 or Section 7.3.

ARTICLE 4

MANNER OF PAYMENTS

4.1 **Payments to Collateral Agent Only**

4.1.1 All payments or repayments of principal and interest on the ML Construction Loan and of fees and other amounts due and to become due hereunder with respect to the ML Construction Loan and the ML Construction Facility by the Borrower must be effected by direct payments in Canadian Dollars to the FV Payment Account, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions). If any such payment or repayment is made directly to the Collateral Agent, the receipt by the Collateral Agent of such amounts shall be deemed to constitute the receipt of such amounts by the Funding Vehicle.

4.1.2 If, for any reason, any such payment or repayment is made directly to the Funding Vehicle, the Funding Vehicle shall promptly remit any amount so received to the Collateral Agent to be deposited into the FV Payment Account, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions).

4.2 **Payment on any Business Day by 3:00 p.m., Atlantic time**

Whenever any payment or repayment falls due on a day which is not a Business Day, such payment or repayment shall be made on the next following Business Day. Furthermore, any amount received after 3:00 p.m., Atlantic time, on any Business Day shall be applied to the appropriate payment or repayment which was required to be made on such Business Day, on the next following Business Day. Until so applied, interest shall continue to accrue as provided in this Agreement on the amount of such payment or repayment.

ARTICLE 5

INTENTIONALLY DELETED

ARTICLE 6

SECURITY

6.1 **Security by the Borrower**

As general and continuing collateral security for the due payment and performance of the ML Secured Obligations, the Borrower shall grant first ranking Liens, subject only to Permitted Encumbrances, on all of its present and future Assets (other than Distributions permitted under this Agreement which are still in the possession of the Borrower) to and in favour of the Collateral Agent. For such purpose, on or prior to the first ML Drawdown hereunder, the Borrower shall deliver, or cause to be delivered:

- 6.1.1 a debenture providing for a first charge and security interest on all the present and future real property (including leasehold interest in real property), personal property, fixed assets and all other Assets of the Borrower;
- 6.1.2 an assignment of all Material Project Documents, together with any consent necessary under such Material Project Documents to allow the assignment by way of security and the realization of such security;
- 6.1.3 a blocked account agreement with respect to the Borrower Project Accounts; and
- 6.1.4 all payment and material bonds, performance bonds and other performance security of any kind provided to the Borrower under Material Project Documents naming the Collateral Agent as co-obligee thereunder.

All of the foregoing documents must be in form and substance satisfactory to the Collateral Agent.

6.2 **Security by Emera**

As general and continuing collateral security for the due payment and performance of the ML Secured Obligations, Emera shall pledge in favour of the Collateral Agent, all presently held and after acquired Capital Stock it holds at any time in the Borrower, it being understood that the recourses of the Collateral Agent pursuant to such pledge shall be limited to such pledged Capital Stock of the Borrower, with no personal recourse to Emera.

6.3 **Registration**

The Borrower shall register, or shall cause to be registered, and hereby authorizes the Collateral Agent and the Collateral Agent's Counsel to register the ML Security Documents and any financing statement, notice, application for registration or other document in respect thereof, in all offices, including against the Borrowers freehold or leasehold interest, as the case may be, in the Key Sites only in any land registry in Nova Scotia and against the Borrower's freehold interests in the Key Sites only in any land titles office in Newfoundland, where such registration is necessary or of advantage, in the opinion of the Collateral Agent's Counsel, to create, preserve, protect and perfect the Liens created under the ML Security Documents and their validity, effect, perfection and priority at all times.

6.4 **Further Assurances**

On request from the Collateral Agent from time to time, the Borrower shall execute or cause to be executed, all such agreements, documents and instruments (including any amendment to any ML Project Finance Document) and do or cause to be done all such other matters and things which in the opinion of the Collateral Agent or the Collateral Agent's Counsel may be necessary or of advantage to create, preserve, protect or perfect (so far as may be possible under any Applicable Law) the Liens and the validity, effect, perfection and priority intended to be created by the ML Project Finance Documents or to facilitate realization under such Liens.

6.5 **Discharge of Certain Security**

The Funding Vehicle authorizes the Collateral Agent to discharge the Liens created pursuant to the ML Security Documents, but only in respect of any Assets disposed of in compliance with the provisions of this Agreement.

6.6 **Survival of Security**

Subject to Section 6.5, the Borrower and the Funding Vehicle hereby acknowledge and agree that, none of the Liens created pursuant to the ML Security Documents shall be released until all ML Secured Obligations are indefeasibly repaid in full, including, for

clarity, and without duplication, the repayment in full of all repayments required to be made to Canada under the GAA.

ARTICLE 7

CONDITIONS PRECEDENT

7.1 **Initial Conditions**

No Advance will be made by the Funding Vehicle pursuant to the ML Construction Facility until the following conditions precedent (the "**ML Initial Conditions Precedent**") shall have been met to the satisfaction of the Collateral Agent or, as the case may be, waived by the Collateral Agent:

CORPORATE MATTERS

- 7.1.1 the Collateral Agent shall have received:
 - 7.1.1.1 true and complete copies of the constitutive documents, charter and by-laws of the Borrower and of the FV Declaration of Trust;
 - 7.1.1.2 true and complete copies of the resolutions of the board of directors and/or the shareholders and/or partners, as appropriate, in form and substance satisfactory to the Collateral Agent, authorizing or ratifying the execution and delivery of, and the performance by the Borrower of its obligations under the ML Project Finance Documents, to which it is a party and stating the offices of the Responsible Officers or other Persons who are authorized to sign such documents;
 - 7.1.1.3 a certificate, in form and substance satisfactory to the Collateral Agent, stating the name, office and the true signature of each Responsible Officer or other appointed individual of the Borrower executing the ML Project Finance Documents, and the Initial Material Project Documents;
 - 7.1.1.4 in respect of the Borrower, a certificate of status or compliance or the equivalent thereof from the jurisdiction of its incorporation or formation issued by the appropriate authorities in its jurisdiction of incorporation or formation and, if applicable, in the jurisdiction of its principal place of business;

FINANCIAL DUE DILIGENCE

- 7.1.2 the Collateral Agent shall have received the forward-looking financial modeling information constructed in Excel[®] with respect to the Borrower in a format consistent with that previously provided to the Collateral Agent prior

to the Closing Date and consistent with the requirements set out in Schedule "Y";

- 7.1.3 the Collateral Agent shall have received a detailed opening balance sheet for the Borrower, in form and substance reasonably satisfactory to the Collateral Agent;
- 7.1.4 the Collateral Agent shall have received a certificate from the Borrower confirming that that since January 1, 2014, no event has occurred or failed to occur which has or would have a Material Adverse Effect, dated the Closing Date and duly executed by a Responsible Officer of the Borrower, acting in his capacity as an officer of the Borrower and without personal liability

PROJECT DUE DILIGENCE

- 7.1.5 the Funding Vehicle shall have completed, to its satisfaction, a due diligence investigation of the Project and the Borrower, such investigation being in scope, and with results, satisfactory to the Funding Vehicle, in all respects and without limiting the generality of the foregoing, Tax and insurance matters, the legal structure of the Borrower, the business and Assets of the Borrower, the forward-looking financial modeling information constructed in Excel[®] with respect to the Borrower, and the Collateral Agent shall have received such financial, business and other information regarding the Project as it, the Insurance Consultant or the Independent Engineer shall have requested, including:
 - 7.1.5.1 the Project Plans;
 - 7.1.5.2 the Project Budget;
 - 7.1.5.3 the Project Schedule; and
 - 7.1.5.4 the Initial Material Project Documents and the Authorizations referred to in Part I of Schedule "B";
- 7.1.6 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, a certificate executed by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, attesting that:
 - 7.1.6.1 the Project Budget and the Project Schedule are reasonable estimates of the costs and time periods respectively required in order for the Project to be built in accordance with the Project Plans;
 - 7.1.6.2 the forward-looking financial modeling information constructed in Excel[®] with respect to the Borrower is based upon assumptions

believed to be reasonable by the Borrower as of the date that they were prepared;

- 7.1.6.3 the construction of the Project is, in all material respects, in compliance with the Project Plans and in accordance with all Applicable Laws (including Environmental Laws) save as disclosed in Schedule "C", is technically feasible, and will allow the Project to perform in compliance, in all material respects, with all Material Project Documents and Authorizations; and
- 7.1.6.4 the Borrower has or has had obtained all Authorizations which, under Applicable Law are necessary to obtain in connection with the Project and the Initial Material Project Documents, save as disclosed in Part V of Schedule "B" and other than those not yet required under Applicable Law and which are expected to be obtainable in the ordinary course, as and when so required;
- 7.1.7 the Collateral Agent shall have received in form and substance satisfactory to the Collateral Agent, an interim report from the Independent Engineer, addressing the Project as set out in scope of work attached to the IE Contract;
- 7.1.8 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, a report from the Insurance Consultant, addressing the insurance coverage for the Project;
- 7.1.9 the Borrower shall have or have had obtained, and by way of access to the electronic data room, the Collateral Agent and the Independent Engineer shall have been given access to copies of, all Authorizations which under Applicable Law are necessary to obtain or have had obtained in connection with the Project, the transactions contemplated by the ML Project Finance Documents and the Initial Material Project Documents (other than as disclosed in Part V of Schedule "B" and those not yet required under Applicable Law and which are expected to be obtainable in the ordinary course, as and when so required), none of the foregoing being subject to any condition or containing any qualification unsatisfactory to the Collateral Agent, and all applicable waiting periods shall have expired without any action being taken by any competent Governmental Authority which would prevent or adversely affect the ability of the Borrower to complete the Project in accordance with the Project Plans;
- 7.1.10 the Collateral Agent shall be satisfied that the funding of the Project Costs shall be made substantially in accordance with and as set forth in Schedule "E";
- 7.1.11 there shall be no litigation, proceedings, counterclaims or investigations pending or, to the Knowledge of the Borrower, threatened by or before any court or Governmental Authority, other than as described in Schedule "F",

challenging or seeking to prohibit the consummation of any of the transactions contemplated in any of the ML Project Finance Documents, the Initial Material Project Documents or any portion of the Project, and which would result in a Material Adverse Effect;

- 7.1.12 to the Knowledge of the Borrower, no Expropriation Event or adverse zoning or usage change proceeding which would result in a Material Adverse Effect shall have occurred or shall have been threatened against the Project;
- 7.1.13 the Borrower shall have established with the Collateral Agent all Borrower Project Accounts required to be established by the Closing Date;

MATERIAL PROJECT DOCUMENTS AND OTHER DOCUMENTS

- 7.1.14 the Collateral Agent shall have received copies of the signed execution version of each of the ML Project Finance Documents and the Initial Material Project Documents, which shall, in each case, be in form and substance satisfactory to the Collateral Agent as well as the Authorizations referred to in Part I of Schedule "B" and the bonds or other performance security required to be delivered under the Initial Material Project Documents;
- 7.1.15 the Collateral Agent shall be satisfied that each of the ML Project Finance Documents, the Initial Material Project Documents and the Authorizations referred to in Part I of Schedule "B" is in full force and effect and that no material default has occurred and is continuing thereunder;
- 7.1.16 the Collateral Agent shall be satisfied that the Borrower is the sole legal and beneficial owner of the Current ML Assets and Rights and that same are free and clear of all Liens except Permitted Encumbrances;

TITLE MATTERS

- 7.1.17 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, execution search reports and certificates from the Borrower's Real Property Counsel, dated no earlier than three (3) Business Days prior to the Closing Date and thereafter on a monthly basis, indicating that such of the ML Real Property Interests in the Key Sites as are in existence as at such date are free and clear of all Liens other than Permitted Encumbrances;
- 7.1.18 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, the title opinions of the Borrower's Real Property Counsel, dated no earlier than three (3) Business Days prior to the Closing Date, to the effect that the Borrower is the duly registered and lawful owner by good and marketable freehold or leasehold title, as the case may be, of such of the Key Sites as are in existence as at such date and that the said interests in the Key Sites are free and clear of all Liens, except Permitted Encumbrances;

MATTERS RELATING TO SECURITY

- 7.1.19 the Collateral Agent shall have received all ML Security Documents duly executed by each appropriate Person, together with evidence in form and substance satisfactory to the Collateral Agent, that all Registrations and other actions necessary or desirable to give the Collateral Agent valid, effective and perfected first ranking Liens in each of the Borrower's Assets, subject only to Permitted Encumbrances, have been effected;
- 7.1.20 the Collateral Agent shall have received results of searches of public records by the Borrower's Counsel under the Applicable Laws of such jurisdictions which the Collateral Agent determines appropriate, relating to Lien filings and registrations which may have been made with respect to the Borrower and the Borrower's personal property Assets and the results of such searches shall be as current to the Closing Date as reasonably practicable and shall reveal no Liens other than Permitted Encumbrances and Liens for which releases and discharges are referred to in subsection 7.1.21;
- 7.1.21 the Collateral Agent shall have received evidence, in form and substance satisfactory to the Collateral Agent, that concurrently with the making of the first ML Drawdown hereunder, it shall receive releases and discharges with respect to all Liens, if any, other than Permitted Encumbrances affecting the Borrower, or the Borrower's Assets, duly executed by all of the Persons who benefit from such Liens or have been granted security on such Assets;

INSURANCE

- 7.1.22 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, copies of certificates of insurance, if any, evidencing all insurance covering the Borrower and its Assets and required to be maintained by the Borrower pursuant to subsection 10.6.1 and naming the Collateral Agent as additional insured and, if appropriate, as first loss payee, accompanied with a satisfactory mortgagee clause, it being understood that such certificates of insurance will be made available promptly after the execution of this Agreement;
- 7.1.23 with respect to any insurance required to be maintained pursuant to any of the Initial Material Project Documents, the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, copies of certificates of insurance evidencing all such insurance and naming the Collateral Agent as additional insured and, if appropriate, as first loss payee, accompanied with a standard mortgagee clause;

LEGAL OPINIONS

- 7.1.24 the Collateral Agent shall have received the legal opinions of the Borrower's Counsel and the Borrower's Real Property Counsel, dated the Closing Date,

regarding the Borrower, and in form and substance satisfactory to the Collateral Agent.

Such legal opinions shall cover such matters incident to the transactions contemplated by the ML Project Finance Documents and the Initial Material Project Documents as the Collateral Agent may request, including the legality, validity, binding nature and enforceability of each such agreement;

COMPLIANCE

- 7.1.25 the representations and warranties made under this Agreement are true, accurate and complete in all material respects as at the Closing Date;
- 7.1.26 the Collateral Agent shall have received a certificate from the Borrower as to matters of fact, in form and substance satisfactory to the Collateral Agent dated the Closing Date duly executed by a Responsible Officer of the Borrower, acting in his capacity as an officer of the Borrower and without personal liability; and
- 7.1.27 No ML Event of Default shall have occurred and be continuing.

7.2 **Conditions Precedent to First ML Drawdown under the ML Construction Facility**

Subject to and upon compliance with all of the relevant terms and conditions of this Agreement, at any time during the Construction Period, upon or following the ML Initial Conditions Precedent having been met or, as the case may be, waived by the Collateral Agent, the Borrower can request a first ML Drawdown under the ML Construction Facility to be used exclusively for purposes of funding:

- 7.2.1 the payment of all reasonable fees which each of the Collateral Agent, the Funding Vehicle, the Administrator, the Indenture Trustee, the Fiscal Agent and the Issuer Trustee is entitled to receive on or prior to the date of such ML Drawdown under the Funding Transaction Documents, this Agreement and any agreement with the Borrower entered into in connection herewith;
- 7.2.2 the reimbursement of all reasonable expenses and costs (including reasonable legal expenses and costs) which each of the Funding Vehicle, the Collateral Agent, the Administrator, the Indenture Trustee, the Fiscal Agent, the Issuer Trustee and Canada has incurred on or prior to the date of such ML Drawdown in connection with the ML FV Project Finance Documents, the Funding Transaction Documents or the ML Project Finance Documents, and in respect of which any one thereof has requested the Borrower to reimburse same on the date of such ML Drawdown, provided, however, that such expenses and costs in respect of Canada shall be limited to reasonable third party expenses and costs of the advisors engaged by Canada up to the date of such ML Drawdown in connection with the ML Project Finance Documents and the Initial Material Project Documents; and

7.2.3 the Working Capital Reserve Account in an amount not to exceed the Maximum WCR Amount;

provided, however, that the following conditions (the "**First ML Drawdown Conditions Precedent**") are met to the satisfaction of the Collateral Agent, or waived by it:

FUNDING REQUEST

7.2.4 the Collateral Agent shall have received a Funding Request at least one (1) Business Day before the date on which such ML Drawdown is expected to occur;

COMPLIANCE

7.2.5 the representations and warranties made under this Agreement are true, accurate and complete in all material respects as at the date of such ML Drawdown; and

7.2.6 No ML Event of Default shall have occurred and be continuing.

7.3 Conditions Precedent to ML Drawdowns under the ML Construction Facility

Subject to and upon compliance with all of the relevant terms and conditions of this Agreement, at any time during the Construction Period, upon or following the ML Initial Conditions Precedent and the First ML Drawdown Conditions Precedent having been met or, as the case may be, waived by the Collateral Agent, the Borrower can request a ML Drawdown (other than the DSRA Drawdown) under the ML Construction Facility (and to the extent that the provisions of Section 7.8 are applicable, a WCR Release), only if the following conditions are met to the satisfaction of the Collateral Agent, or waived by it (provided, however, that with respect to any portion of any Advance to be used to pay Soft Costs comprised of the interest, costs, fees and arrears interest and other amounts on the ML Construction Loan, the ML Financing Fee and any Sinking Fund Payment, such portion of such Advance shall be advanced on the relevant ML Drawdown Date notwithstanding that the conditions set forth in this Section may not have been met, in whole or in part):

FUNDING REQUEST OR FINAL FUNDING REQUEST

7.3.1 the Collateral Agent and the Independent Engineer shall have received a Funding Request or the Final Funding Request, as the case may be, accompanied by supporting documentation for such Funding Request or Final Funding Request in the form attached hereto as Schedule "CC";

CONSTRUCTION REPORT

7.3.2 the Collateral Agent and the Independent Engineer shall have received in the same month as the month of delivery of a Funding Request or the Final

Funding Request pursuant to subsection 7.3.1, and in accordance with the provisions of Section 11.3, a copy of the most recent Construction Report;

- 7.3.3 the Collateral Agent shall have received one copy of the Independent Engineer's Confirmation.

Where the Funding Request or Final Funding Request or any of the supporting documentation or information intended to form part thereof are, in the opinion of the Collateral Agent or the Independent Engineer, either inadequate, incomplete or insufficient, the Collateral Agent shall notify the Borrower of such fact and of the required additional or different documentation or information;

MATERIAL PROJECT DOCUMENTS

- 7.3.4 the Collateral Agent shall have received copies of the signed execution version of each of the Additional Material Project Documents entered into since the Closing Date or the date of the last Funding Request to the date of the relevant Funding Request or Final Funding Request, which, in each case, shall be in form and substance satisfactory to the Collateral Agent;
- 7.3.5 no material default shall have occurred and be continuing under any Material Project Document or any Authorization in effect with respect to the Project which would result in a Material Adverse Effect;
- 7.3.6 the Borrower shall have or have had obtained all Authorizations (to the extent not already obtained) which, under Applicable Law, as of the date of the relevant Funding Request or Final Funding Request, are necessary to have been obtained in connection with the Project and the work currently being performed on the Project, none of the foregoing being subject to any condition or containing any qualifications unsatisfactory to the Collateral Agent, based on the report issued by the Independent Engineer;

INSURANCE

- 7.3.7 with respect to any insurance required to be maintained pursuant to subsection 10.6.2 or any of the Additional Material Project Documents referred to in subsection 7.3.4 and to the extent not already covered by the certificate delivered pursuant to subsection 7.1.22 or 7.1.23, the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, copies of certificates of insurance evidencing all such insurance and naming the Collateral Agent as additional insured and, if appropriate, as first loss payees, accompanied with a standard mortgagee clause;

TITLE MATTERS

- 7.3.8 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, a certificate by a Responsible Officer of the Borrower, in

his capacity as an officer of the Borrower and without personal liability, attesting or providing that the Borrower has no Knowledge of any Liens other than Permitted Encumbrances having been registered against such of the ML Real Property Interests comprising the Key Sites as are in existence as at such time;

- 7.3.9 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, a certificate by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, attesting or providing that as regards such of the ML Real Property Interests as are in existence as at such time, all realty taxes that are due and payable have been fully paid;

COMPLIANCE AND DISBURSEMENT UNDER THE ML CONSTRUCTION FACILITY

- 7.3.10 the Collateral Agent shall have received a ML Draw Request within the time periods herein provided requesting a ML Drawdown on the ML Drawdown Date;
- 7.3.11 the Collateral Agent shall have determined that the amount of the requested ML Drawdown is not greater than the Available ML Construction Facility;
- 7.3.12 the Collateral Agent shall have received evidence, in form and substance satisfactory to the Collateral Agent that all contractors, subcontractors and other Persons working on the construction or towards the Commissioning of the Project have been paid all amounts owing to them pursuant to the Material Project Documents, save for any amount being claimed and contested, any amounts that have been paid into court or otherwise posted pursuant to such contestation, and any required holdbacks and the amounts to be paid to them out of the proceeds of the requested ML Drawdown;
- 7.3.13 at any time (i) prior to the date on which the DER first becomes equal to 70%, provided, however, that each of the conditions precedent set forth in this Section are at such time met to the satisfaction of the Collateral Agent or, as the case may be, waived by the Collateral Agent, the amount of the requested ML Drawdown shall be disbursed in accordance with the terms hereof without any equity Investment being required and (ii) following the date on which DER first becomes equal to 70%, the Base Equity Contribution in the proportion required pursuant to the definition of "Equity Rateable Share" shall have been made;
- 7.3.14 except to the extent that they are stated to be made as of a specific date, the representations and warranties made under this Agreement are true, accurate and complete in all material respects as of the date of such requested ML Drawdown; and
- 7.3.15 no ML Event of Default shall have occurred and be continuing.

7.4 **Conditions Precedent to ML Drawdown under the ML Construction Facility on Account of the DSRA Drawdown**

Subject to and upon compliance with all of the relevant terms and conditions of this Agreement, at any time during the Construction Period, upon or following the ML Initial Conditions Precedent and the First ML Drawdown Conditions Precedent having been met or, as the case may be, waived by the Collateral Agent, the Borrower can request a single ML Drawdown under the Available ML Construction Facility on account of the DSRA Drawdown (and to the extent that the provisions of Section 7.8 are applicable, a WCR Release), but only if the following conditions are met to the satisfaction of the Collateral Agent, or, as the case may be, waived by the Collateral Agent:

- 7.4.1 the Collateral Agent and the Independent Engineer shall have received a ML Draw Request within the time periods herein provided requesting a ML Drawdown on the ML Drawdown Date in an amount equal to the DSRA Drawdown together with a Funding Request or a Final Funding Request, as the case may be, prior to the last day of the month during which such Funding Request or Final Funding Request, as the case may be, shall have been delivered;
- 7.4.2 the DSRA Equity Contribution shall have been deposited into the Borrower Project Funding Account;
- 7.4.3 the Collateral Agent shall have determined that the amount of the requested ML Drawdown is not greater than the Available ML Construction Facility;
- 7.4.4 except to the extent that they are stated to be made as of a specific date, the representations and warranties made under this Agreement are true, accurate and complete in all material respects as of the date of such requested ML Drawdown; and
- 7.4.5 no ML Event of Default shall have occurred and be continuing.

7.5 **Conditions Precedent to ML Drawdown under the ML Construction Facility on Account of Post-Commissioning Drawdowns**

Subject to and upon compliance with all of the relevant terms and conditions of this Agreement, at any time during the two (2) year period following the end of the Construction Period, following the ML Initial Conditions Precedent and the First ML Drawdown Conditions Precedent having been met or, as the case may be, waived by the Collateral Agent, the Borrower can request a ML Drawdown under the Available ML Construction Facility on account of a Post-Commissioning Drawdown (and to the extent that the provisions of Section 7.8 are applicable, a WCR Release), but only if the following conditions are met to the satisfaction of the Collateral Agent, or, as the case may be, waived by the Collateral Agent:

- 7.5.1 the Collateral Agent and the Independent Engineer shall have received a ML Draw Request within the time periods herein provided requesting a ML

Drawdown on the ML Drawdown Date in an amount equal to the Post-Commissioning Drawdown together with a Post-Commissioning Funding Request prior to the last day of the month during which such Post-Commissioning Funding Request shall have been delivered;

- 7.5.2 the Base Equity Contribution in the proportion required pursuant to the definition of "Equity Rateable Share" shall have been deposited into the Borrower Project Funding Account;
- 7.5.3 the Collateral Agent shall have determined that the amount of the requested ML Drawdown is not greater than the Available ML Construction Facility;
- 7.5.4 except to the extent that they are stated to be made as of a specific date, the representations and warranties made under this Agreement are true, accurate and complete in all material respects as of the date of such requested ML Drawdown; and
- 7.5.5 no ML Event of Default shall have occurred and be continuing.

7.6 **Conditions Precedent to Commissioning**

The Commissioning Date shall occur upon all of the following conditions precedent (the "**Conditions Precedent to Commissioning**") having been met to the satisfaction of the Collateral Agent or, as the case may be, waived by the Collateral Agent:

- 7.6.1 the Collateral Agent and the Independent Engineer shall have received the Commissioning Certificate;
- 7.6.2 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, a certificate from the Independent Engineer, certifying, *inter alia*, that in its opinion all information, opinions and calculations given and made in the Commissioning Certificate are reasonable and accurate in all material respects and have been verified by the Independent Engineer and that:
 - 7.6.2.1 Commissioning Tests have been achieved and it has no reason to believe that the Project has not been constructed in all material respects in accordance with the Project Plans and Good Utility Practice; and
 - 7.6.2.2 the commissioning and interconnection tests have been performed and met in accordance with the Material Project Documents.
- 7.6.3 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, updated execution search reports and certificates from the Borrower's Real Property Counsel, dated no earlier than three (3) Business Days prior to the Commissioning Date, indicating that since the effective date of the most recent execution search reports and certificates delivered

hereunder, no Liens other than Permitted Encumbrances have been registered against any of such of the ML Real Property Interests as are in existence as at such time;

- 7.6.4 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, a certificate by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, attesting or providing that as regards such of the ML Real Property Interests as are in existence as at such time, all realty taxes that are due and payable have been fully paid;
- 7.6.5 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, a certificate by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, attesting or providing that all contractors, subcontractors and other Persons working on the construction or towards the Commissioning of the Project have been paid all amounts properly owing to them pursuant to the Material Project Documents other than Punch List Items and Demobilization List Items;
- 7.6.6 the Collateral Agent shall have received evidence, in form and substance satisfactory to the Collateral Agent, of the establishment and funding of the DSRA as required by the terms hereof;
- 7.6.7 the Collateral Agent shall have received evidence satisfactory to the Independent Engineer that all work on the Project to be inspected in accordance with Good Utility Practice as of such date by any Governmental Authorities having jurisdiction has been duly inspected and approved by such authorities;
- 7.6.8 the Collateral Agent shall have received, in form and substance satisfactory to the Collateral Agent, without duplication of any item already received hereunder, copies of certificates of insurance evidencing all insurance covering the Borrower and required to be maintained by the Borrower pursuant to Section 10.6 and naming the Collateral Agent as additional insured and, if appropriate, as first loss payees, accompanied with a satisfactory mortgage clause;
- 7.6.9 the Borrower shall have or have had obtained all Authorizations (to the extent not already obtained) which under Applicable Law are necessary to obtain or have obtained, in the opinion of the Collateral Agent in connection with the operation of the Project, none of the foregoing being subject to any condition or containing any qualifications unsatisfactory to the Collateral Agent, without duplication of any item already received hereunder, and all applicable waiting periods shall have expired; and

7.6.10 each of the conditions precedent set forth in Section 7.4 shall have been met to the satisfaction of the Collateral Agent, or, as the case may be, waived by the Collateral Agent.

Once all of the conditions precedent set forth in this Section 7.6 shall have been met to the satisfaction of the Collateral Agent or, as the case may be, waived by the Collateral Agent, the Collateral Agent shall issue the Commissioning Confirmation.

7.7 **Conditions Precedent to WCR Release from the Working Capital Reserve Account at any Time during the Construction Period**

Subject to and upon compliance with all of the relevant terms and conditions of this Agreement, at any time during the Construction Period, following the ML Initial Conditions Precedent and the First ML Drawdown Conditions Precedent having been met or, as the case may be, waived by the Collateral Agent (and provided that the WCR Release Date occurs between two successive ML Drawdown Dates), the Borrower can request, at any time and from time to time, a WCR Release from the Working Capital Reserve Account for deposit into the Borrower Disbursement Account but only if the following conditions are met to the satisfaction of the Collateral Agent, or, as the case may be, waived by the Collateral Agent:

7.7.1 the Collateral Agent and the Independent Engineer shall have received a WCR Release and Equity Funding Notice at least one (1) Business Day prior to the WCR Release Date requesting a WCR Release on the WCR Release Date in an amount that is less than or equal to the amount on deposit in the Working Capital Reserve Account at such time. Each WCR Release and Equity Funding Notice:

7.7.1.1 shall provide information sufficient to justify the necessity to fund Eligible Project Costs by way of WCR Release prior to the subsequent ML Drawdown Date; and

7.7.1.2 where the amount on deposit in the Working Capital Reserve Account is insufficient for the purposes of defraying Eligible Project Costs to be paid on the WCR Release Date, and consequently an equity Investment in the Borrower is intended to be made in an amount equal to the difference between such Eligible Project Costs and such amount on deposit in the Working Capital Reserve Account, the WCR Release and Equity Funding Notice shall provide notice of such equity Investment;

7.7.2 except to the extent that they are stated to be made as of a specific date, the representations and warranties made under this Agreement are true, accurate and complete in all material respects as of the date of such requested WCR Release; and

7.7.3 no ML Event of Default shall have occurred and be continuing.

7.8 **Conditions Precedent to WCR Release from the Working Capital Reserve Account for Purposes of ML Drawdowns**

Subject to and upon compliance with all of the relevant terms and conditions of this Agreement, at any time during the Construction Period, following the ML Initial Conditions Precedent and the First ML Drawdown Conditions Precedent having been met or, as the case may be, waived by the Collateral Agent (and where the Available ML Construction Facility is nil, or where as a result of a ML Drawdown that is to be concurrent with the relevant WCR Release, the Available ML Construction Facility will be nil), the Borrower can request, at any time and from time to time, a WCR Release from the Working Capital Reserve Account for purposes of effecting a ML Drawdown and for deposit into the Borrower Project Funding Account but only if the following conditions are met to the satisfaction of the Collateral Agent, or, as the case may be, waived by the Collateral Agent:

- 7.8.1 if such WCR Release is requested in connection with a funding of Eligible Project Costs other than Post-Commissioning Eligible Project Costs and the DSRA, the conditions precedent set forth in Section 7.3 shall apply, *mutatis mutandis*; or
- 7.8.2 if such WCR Release is requested in connection with a funding of Post-Commissioning Eligible Project Costs and the DSRA, the conditions precedent set forth in Sections 7.4 and 7.5 shall apply, *mutatis mutandis*.

ARTICLE 8

ML PROJECT ACCOUNTS AND APPLICATION OF FUNDS

8.1 **Borrower Project Funding Account**

On or prior to the Closing Date, the Borrower shall establish with the Account Bank an account called "Borrower – Project Funding Account" at the Account Bank Branch (the "**Borrower Project Funding Account**").

8.1.1 During the Construction Period:

- 8.1.1.1 there shall be deposited directly into the Borrower Project Funding Account (i) the proceeds of all Advances under the ML Construction Facility made under this Agreement, other than (a) Advances under the ML Construction Facility made under this Agreement required to fund the Debt Rateable Share of the Minimum DSRA Requirement, (b) [intentionally deleted], (c) [intentionally deleted], (d) Advances under the ML Construction Facility made under this Agreement to fund the Working Capital Reserve Account up to the Maximum WCR Amount, and (e) an Advance under the ML Construction Facility made under subsection 2.9.2, (ii) the proceeds of all Advances

under the ML Construction Facility made under this Agreement required to fund the Debt Rateable Share of any additional amounts into the DSRA to meet the then current Minimum DSRA Requirement, **(iii) [intentionally deleted]**, **(iv) [intentionally deleted]**, **(v)** the proceeds of all Advances under the ML Construction Facility made under this Agreement to fund the Working Capital Reserve Account up to the Maximum WCR Amount, **(vi) [intentionally deleted]**, **(vii)** the proceeds of any portion of any DSRA Equity Contribution required to fund any additional amounts into the DSRA to meet the then current Minimum DSRA Requirement,, **(viii)** the proceeds of any portion of any Base Equity Contribution, **(ix)** the proceeds of any Additional Debt, **(x) [intentionally deleted]**, **(xi) [intentionally deleted]**, **(xii) [intentionally deleted]**, **(xiii) [intentionally deleted]**, **(xiv) [intentionally deleted]**, **(xv) [intentionally deleted]**, **(xvi)** any amounts to be transferred into the Borrower Project Funding Account pursuant to subsections 8.3.3 and 8.3.4 and paragraph 8.6.1.3 **(xvii)** all reimbursements from Governmental Authorities of Sales Taxes, and **(xviii)** any other amounts received by the Borrower during the Construction Period, including insurance or warranty proceeds (but, with respect to insurance proceeds relating to any damage or destruction of the Project, only to the extent they are deposited into the Borrower Project Funding Account pursuant to paragraph 8.6.1.3), liquidated damages and any amounts due and payable to the Borrower;

- 8.1.1.2 amounts in the Borrower Project Funding Account (other than amounts contemplated in paragraphs 8.1.1.3, 8.1.1.4, 8.1.1.5 or 8.1.1.6) shall be withdrawn from the Borrower Project Funding Account and deposited into the Borrower Disbursement Account to fund payment of amounts by the Borrower pursuant to an approved Funding Request or Final Funding Request, subject to the application of funds in the following order of priority: to pay **(a)** firstly, rateably, the Various Agent Costs and Expenses, **(b)** secondly, the Funding Vehicle Project Costs and Expenses, **(c)** thirdly, the Canada Project Costs and Expenses and **(d)** fourthly, the Other Project Costs, including for purposes of effecting any Sinking Fund Payments into the Sinking Fund Account;
- 8.1.1.3 amounts in the Borrower Project Funding Account deposited therein pursuant to clause (v) of paragraph 8.1.1.1 shall be transferred only to the Working Capital Reserve Account;
- 8.1.1.4 amounts in the Borrower Project Funding Account deposited therein pursuant to clauses (ii) and (vii) of paragraph 8.1.1.1 shall be transferred only to the DSRA;

8.1.1.5 **[intentionally deleted];**

8.1.1.6 **[intentionally deleted];**

8.1.1.7 funds in the Borrower Project Funding Account and forming part of the Aggregate Borrower Project Funding Account Balances shall remain in the Borrower Project Funding Account to be applied for purposes of subsequent Funding Requests as per clause (iv) of the definition of "Funding Request", or, as applicable, the Final Funding Request as per clauses (v), (vi) and (xvii) of the definition of "Final Funding Request".

8.1.2 During the Operating Period:

8.1.2.1 there shall be deposited directly into the Borrower Project Funding Account: (i) ML Project Revenues, (ii) **[intentionally deleted]**, (iii) the proceeds of any Additional Debt (other than the proceeds of Additional Debt used by the Borrower to pay Sustaining Costs), (iv) any amounts to be transferred into the Borrower Project Funding Account pursuant to subsections 8.3.3 and 8.3.4 and paragraphs 8.6.1.3 and 8.7.2.3, (v) all reimbursements from Governmental Authorities of Sales Taxes, (vi) any other amounts received by the Borrower during the Operating Period, including insurance or warranty proceeds (but, with respect to insurance proceeds relating to any damage or destruction of the Project, only to the extent they are deposited into the Borrower Project Funding Account pursuant to paragraph 8.6.1.3), liquidated damages, and (vii) any Investments in the Borrower or any proceeds of Additional Debt, in each case intended to be used by the Borrower to pay Sustaining Costs;

8.1.2.2 funds in the Borrower Project Funding Account shall be applied, from time to time, including for greater certainty, more than once per month, in the following order of priority:

- (a) firstly, for rateable application towards payment of the Various Agent Costs and Expenses due and payable;
- (b) secondly, for application towards payment of the Funding Vehicle Project Costs and Expenses;
- (c) thirdly, for application towards payment of the Canada Project Costs and Expenses;
- (d) fourthly, for application towards payment of Post-Commissioning Eligible Project Costs pursuant to an approved Post-Commissioning Funding Request;

- (e) fifthly, for application towards payment of Recoverable Operating Costs and Sustaining Costs of the Borrower currently due and payable or reasonably foreseeable for the next thirty (30) days and with respect to which funds have not already been withdrawn from the Borrower Project Funding Account, as well as those of the Funding Vehicle, including taxes as well as all other payments required to be made by the Administrator under the terms of the Administration Agreement;
- (f) sixthly, at any time that any such amount is due, for rateable application towards the payment of (i) all interest in respect of the ML Construction Loan then due and payable; (ii) all principal on the ML Construction Loan, any ML Make-Whole Amount and any amount to be paid into the Sinking Fund Account then due and payable and (iii) all breakage costs and other losses and expenses then due and payable pursuant to the provisions of the Consolidated Transaction Documents;
- (g) seventhly, for application towards payment of Unrecoverable Operating Costs of the Borrower currently due and payable or reasonably foreseeable for the next thirty (30) days and with respect to which funds have not already been withdrawn from the Borrower Project Funding Account, as well as those of the Funding Vehicle, including taxes as well as all other payments required to be made by the Administrator under the terms of the Administration Agreement;
- (h) eighthly, from time to time, paid to the DSRA, up to such amounts as may be required in order for the total amount on deposit in the DSRA to be equal to the then Minimum DSRA Requirement, for application in accordance with subsection 8.3.2;
- (i) ninthly, for application towards payment of any amounts due and payable under Additional Debt, including principal and interest, and fees, costs and expenses; and
- (j) tenthly, on Distribution Dates, (i) provided that the Distribution Conditions are then met, all Distribution Funds in the Borrower Project Funding Account shall be released from the security or other covenants or obligations of the Borrower under this Agreement or the ML Security Documents and applied at the Borrower's option, or (ii) if the Distribution Conditions are not then met, all such

amounts shall be deposited to and retained in the Borrower Distribution Reserve Account for application in accordance with the terms of subsection 8.5.1.

8.2 **[Intentionally Deleted]**

8.3 **DSRA**

Prior to the Closing Date, the Borrower shall establish with the Account Bank an account called "Borrower – Debt Service Reserve Account" at the Account Bank Branch (the "DSRA").

- 8.3.1 During the Construction Period, there shall be transferred to the DSRA all amounts required to be paid thereto from the Borrower Project Funding Account in accordance with the provisions of paragraph 8.1.1.4 and immediately prior to the Commissioning Date, if applicable, there shall be transferred to the DSRA an amount equal to the amount calculated pursuant to paragraph (vi) of the definition of "Final Funding Request".
- 8.3.2 During the Operating Period or during the Construction Period, at any time where the total amount on deposit in the DSRA, plus the amount of any Letter of Credit provided to the Collateral Agent pursuant to subsection 8.3.5, is less than the Minimum DSRA Requirement as at the then most recent Minimum DSRA Requirement Fixing Date, there shall be deposited directly into the DSRA (i) amounts on deposit in the Borrower Project Funding Account in excess of the amounts applied pursuant to clauses (a) to 8.1.2.2(g) of paragraph 8.1.2.2 or, (ii) at the option of the Borrower, amounts on deposit in the Liquidity Reserve Account, until the total amount on deposit in the DSRA equals the then Minimum DSRA Requirement.
- 8.3.3 During the Operating Period or during the Construction Period, on a monthly basis at any time where the total amount on deposit in the DSRA exceeds the Minimum DSRA Requirement as at such time, the amount of such excess shall be transferred to the Borrower Project Funding Account.
- 8.3.4 During the Operating Period or during the Construction Period, on a monthly basis at any time that there shall be on deposit in the DSRA any ML Income on Account Balances, such ML Income on Account Balances shall be transferred to the Borrower Project Funding Account.
- 8.3.5 During the Operating Period or during the Construction Period, the Borrower shall be permitted at any time to deliver to the Collateral Agent a Letter of Credit issued under a letter of credit facility of Emera or a Subsidiary of Emera (other than the Borrower) for any amount up to the Minimum DSRA Requirement as at then most recent Minimum DSRA Requirement Fixing Date. The total amount required to be on deposit in the DSRA at any time while the Collateral is in possession of such a valid Letter of Credit shall be reduced by the amount of such Letter of Credit.

8.4 **Borrower Disbursement Account**

Prior to the Closing Date, the Borrower shall establish with the Account Bank in the name of the Borrower an account entitled "Borrower – Disbursement Account" at the Account Bank Branch (the "**Borrower Disbursement Account**"). For greater certainty, funds in the Borrower Disbursement Account shall be disbursed by the Borrower and not the Collateral Agent to pay Project Costs, Operating Costs and Sustaining Costs as set out herein. The Borrower Disbursement Account shall be subject to a blocked account agreement pursuant to subsection 6.1.3, but will be controlled by the Borrower unless the Collateral Agent gives notice to the Borrower under such blocked account agreement during the continuance of an ML Event of Default that the Collateral Agent is taking control of the Borrower Disbursement Account.

8.4.1 During the Construction Period:

8.4.1.1 there shall be deposited directly into the Borrower Disbursement Account **(i)** all amounts to be paid thereto from the Working Capital Reserve Account in accordance with the provisions of paragraph 8.10.2.1 and **(ii)** the proceeds of any equity Investment to which reference is made in paragraph 7.7.1.2; and

8.4.1.2 there shall be deposited, from time to time, from the Borrower Project Funding Account into the Borrower Disbursement Account the amounts contemplated in paragraph 8.1.1.2 to be released and applied by the Borrower pursuant to an approved Funding Request or Final Funding Request to pay in the following order of priority: **(a)** firstly, rateably, the Various Agent Costs and Expenses, **(b)** secondly, the Funding Vehicle Project Costs and Expenses, **(c)** thirdly, the Canada Project Costs and Expenses and **(d)** fourthly, the Other Project Costs.

8.4.2 During the Operating Period:

8.4.2.1 there shall be deposited, from time to time, from the Borrower Project Funding Account into the Borrower Disbursement Account the amounts contemplated in clauses (a) to (e) and (g) of paragraph 8.1.2.2 to be released and applied by the Borrower to pay in the following order of priority: **(a)** firstly, rateably, the Various Agent Costs and Expenses, **(b)** secondly, the Funding Vehicle Project Costs and Expenses, **(c)** thirdly, the Canada Project Costs and Expenses, **(d)** fourthly, Post-Commissioning Eligible Project Costs pursuant to an approved Post-Commissioning Funding Request, and **(e)** fifthly, Operating Costs and Sustaining Costs of the Borrower.

8.4.3 If the total amount of actual Project Costs, Operating Costs and Sustaining Costs paid from the Borrower Disbursement Account by the Borrower is less

than the total amount deposited into the Borrower Disbursement Account from the Borrower Project Funding Account for any month, the excess amount shall be deposited by the Borrower back into the Borrower Project Funding Account.

- 8.4.4 If the total amount of actual Project Costs, Operating Costs and Sustaining Costs to paid from the Borrower Disbursement Account by the Borrower is greater than the total amount deposited into the Borrower Disbursement Account from the Borrower Project Funding Account for any month, the shortfall amount shall be brought forward by the Borrower and included in the subsequent ML Draw Request.

8.5 **Borrower Distribution Reserve Account**

Prior to the Commissioning Date, the Borrower shall establish with the Account Bank in the name of the Borrower an account entitled "Borrower – Distribution Reserve Account" at the Account Bank Branch (the "**Borrower Distribution Reserve Account**").

- 8.5.1 During the Operating Period:

8.5.1.1 there shall be deposited, from time to time, into the Borrower Distribution Reserve Account amounts on deposit in the Borrower Project Funding Account in excess of the amounts applied pursuant to clauses (a) to (i) of paragraph 8.1.2.2 and which are required to be deposited therein pursuant to clause (j) of paragraph 8.1.2.2.

8.5.1.2 from time to time, on Distribution Dates, funds in the Borrower Distribution Reserve Account shall be released from the security or other covenants or obligations of the Borrower under this Agreement or the ML Security Documents and applied at the Borrower's option, provided that all of the Distribution Conditions are then met.

8.6 **Borrower Insurance Reserve Account**

Prior to the Closing Date, the Borrower shall establish with the Account Bank in the name of the Borrower an account entitled "Borrower – Insurance Reserve Account" at the Account Bank Branch (the "**Borrower Insurance Reserve Account**").

- 8.6.1 During the Construction Period:

8.6.1.1 there shall be deposited, from time to time, into the Borrower Insurance Reserve Account the insurance proceeds contemplated in paragraph 10.6.6.1 to be released and applied by the Borrower to the repair and restoration of the Project.

8.6.1.2 there shall be deposited, from time to time, into the Borrower Insurance Reserve Account the insurance proceeds contemplated in paragraphs 10.6.6.1 and 10.6.6.3 to be released and applied by the Borrower to the repair and restoration of the Project, subject to the Repair Conditions having been satisfied and to the provisions of subsection 10.6.7.

8.6.1.3 insurance proceeds remaining in the Borrower Insurance Reserve Account following the application of paragraphs 8.6.1.1 and 8.6.1.2, and to the extent the repairs and restorations intended to be effected with such insurance proceeds have been fully completed, shall be deposited into the Borrower Project Funding Account.

8.6.2 During the Operating Period:

8.6.2.1 there shall be deposited, from time to time, into the Borrower Insurance Reserve Account the insurance proceeds contemplated in paragraph 10.6.6.1 to be released and applied by the Borrower to the repair and restoration of the Project.

8.6.2.2 there shall be deposited, from time to time, into the Borrower Insurance Reserve Account the insurance proceeds contemplated in paragraphs 10.6.6.1 and 10.6.6.3 to be released and applied by the Borrower to the repair and restoration of the Project, subject to the Repair Conditions having been satisfied and to provisions of subsection 10.6.7.

8.6.2.3 insurance proceeds remaining in the Borrower Insurance Reserve Account following the application of paragraph 8.6.2.1 and 8.6.2.2, and to the extent the repairs and restorations intended to be effected with such insurance proceeds have been fully completed, shall be deposited into the Borrower Project Funding Account.

8.7 Sinking Fund Account

Prior to the Closing Date, the Borrower shall establish with the Account Bank in the name of the Borrower an account entitled "Borrower – Sinking Fund Account" at the Account Bank Branch (the "**Sinking Fund Account**").

8.7.1 On the date of the Advance relating to the Final Funding Request, there shall be deposited into the Sinking Fund Account the amounts required to be deposited therein pursuant to Section 2.9;

8.7.2 Starting from the first Sinking Fund Deposit Date:

8.7.2.1 there shall be deposited, from time to time, into the Sinking Fund Account the amounts required to be deposited therein pursuant to clause (d) of paragraph 8.1.1.2 and clause (f) of paragraph 8.1.2.2;

8.7.2.2 there shall be transferred, on each FV Bond Maturity Date, as applicable, from the Sinking Fund Account to the Borrower Project Funding Account an amount equal to the lesser of the amount then on deposit in the Sinking Fund Account and the amount of principal on the ML Construction Loan then due and payable; and

8.7.2.3 on a monthly basis, at any time that there shall be on deposit in the Sinking Fund Account any ML Income on Account Balances, such ML Income on Account Balances shall be transferred to the Borrower Project Funding Account, provided, however, that the balance remaining thereafter in the Sinking Fund Account is not less than the total amount determined by aggregating the amounts indicated in each applicable schedule to Exhibit B with respect to the date of the proposed transfer.

8.8 **Cost Overrun Escrow Account**

Prior to the Closing Date, the Borrower shall establish with the Account Bank in the name of the Borrower an account entitled "Borrower – Cost Overrun Escrow Account" at the Account Bank Branch (the "Cost Overrun Escrow Account"). Funds shall be transferred to and from the Cost Overrun Escrow Account in accordance with Section 10.28.

8.9 **Liquidity Reserve Account**

On or prior to the Closing Date, the Borrower shall establish with the Account Bank an account called "Borrower – Liquidity Reserve Account" at the Account Bank Branch (the "**Liquidity Reserve Account**"). The Borrower may, from time to time, deposit (or cause to be deposited) funds into the Liquidity Reserve Account. Amounts from the Liquidity Reserve Account shall be used solely (i) to fund Project Costs which are not funded out of the Borrower Project Funding Account or costs approved by the Collateral Agent, (ii) to pay Operating Costs and Sustaining Costs that have not been included in the O&M Budget to prevent or repair any unanticipated damage to the Project or cover operating shortfalls, and (iii) to fund any shortfall in the DSRA to meet the then current Minimum DSRA Requirement.

8.10 **Working Capital Reserve Account**

On or prior to the Closing Date, the Borrower shall establish with the Account Bank an account called "Borrower – Working Capital Reserve Account" at the Account Bank Branch (the "**Working Capital Reserve Account**").

8.10.1 Pursuant to the first ML Drawdown pursuant to Section 7.2 and from time to time thereafter, there shall be transferred to the Working Capital Reserve Account all amounts required to be paid thereto from the Borrower Project Funding Account in accordance with the provisions of paragraph 8.1.1.3;

8.10.2 During the Construction Period:

- 8.10.2.1 subject to subsection 8.10.3, funds in the Working Capital Reserve Account may be withdrawn from the Working Capital Reserve Account for deposit into the Borrower Disbursement Account, the whole subject to Section 7.7; and
- 8.10.2.2 at any time that there shall be on deposit in the Working Capital Reserve Account any ML Income on Account Balances, such ML Income on Account Balances shall be transferred to the Borrower Project Funding Account.
- 8.10.3 Immediately prior to the Commissioning Date, funds in the Working Capital Reserve Account and forming part of the Working Capital Reserve Account Balance shall be applied for purposes of the Final Funding Request as per clauses (v), (vi) and (xvii) of the definition of "Final Funding Request".

8.11 **Disbursements by the Collateral Agent**

The Funding Vehicle and the Collateral Agent hereby acknowledge and agree that, wheresoever applicable, (i) the Collateral Agent shall effect all transfers of funds between Borrower Project Accounts (other than the Borrower Disbursement Account prior to the exercise by the Collateral Agent of its rights under the blocked account agreement in accordance with Section 8.4 and the Liquidity Reserve Account), (ii) the Collateral Agent shall effect all transfers and deposits of funds into the Borrower Disbursement Account and the Borrower shall effect all disbursements of funds out of the Borrower Disbursement Account, and (iii) the Borrower shall effect all transfers of funds into and out of the Liquidity Reserve Account, provided that all such transfers and disbursements shall be in accordance with the terms of this Article and may occur more than once per month.

ARTICLE 9

REPRESENTATIONS AND WARRANTIES

To induce the Funding Vehicle to make the ML Construction Facility available to the Borrower, the Borrower represents and warrants to and in favour of the Collateral Agent, as follows:

9.1 **Existence and Good Standing**

The Borrower is a corporation duly and validly incorporated or formed, as applicable, validly existing and in good standing under the Laws of NL and has the legal capacity and power to own its Assets, to carry on its business as now being conducted and as proposed to be conducted under the ML Project Finance Documents in NL and NS and to undertake, carry on the Project and Commission the Project.

9.2 **Authority**

The Borrower has the requisite capacity and power to enter into each of the ML Project Finance Documents and the Material Project Documents to which it is a party and perform its obligations thereunder in accordance with the terms and conditions thereof.

9.3 **Due Authorization**

The Borrower has taken all necessary action to authorize the execution and delivery by it of each ML Project Finance Document and Material Project Document to which it is a party, the creation and performance of its obligations thereunder and the creation of the Liens, if any, over its Assets and the consummation of the transactions contemplated thereunder.

9.4 **Due Execution**

The Borrower has duly executed and delivered each ML Project Finance Document and Material Project Document to which it is a party.

9.5 **Non-Conflict**

None of the authorization, execution, delivery or performance of the ML Project Finance Documents by the Borrower, nor the creation of Liens in favour of the Collateral Agent over the Assets subject thereto, nor the consummation of any of the transactions contemplated in the ML Project Finance Documents and Material Project Documents:

9.5.1 requires any Authorization to be obtained or Registration to be made (except such as have already been obtained or made and are now in full force and effect), except **(i)** the Registration of the ML Security Documents to be made on or about the Closing Date and those to be made against the Future ML Assets and Rights, as and when same are acquired by the Borrower, and **(ii)** such Authorizations (a) which by the nature thereof need not be obtained until a future date and (b) as pertain to the Material Project Documents, those listed in Part V of Schedule "B";

9.5.2 conflicts with, contravenes or gives rise to any default under **(i)** any of the Organizational Documents of the Borrower, **(ii)** the provisions of any indenture, instrument, agreement or undertaking to which the Borrower is a party or by which the Borrower or any of its Assets are or may become bound, or **(iii)** any Applicable Law; or

9.5.3 has resulted or will result in the creation or imposition of any Lien (other than Permitted Encumbrances) upon any of the Assets of the Borrower.

9.6 **Enforceability**

Each ML Project Finance Document and Material Project Document to which the Borrower is a party constitutes a valid and legally binding obligation enforceable against

it in accordance with its terms, subject only to bankruptcy, insolvency, winding-up, dissolution, administration, reorganization, arrangement or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and to general principles of equity under which specific performance and injunctive relief may be refused by a court in its discretion.

9.7 **Compliance with Law**

The Borrower is in compliance with all Applicable Laws, the non-compliance with which would have a Material Adverse Effect. Moreover, the Borrower is in compliance with all AML Legislation. This section does not apply to Environmental Laws, the compliance of which is addressed specifically in Section 9.20,

9.8 **Litigation**

Save and except as disclosed in Schedule "F" or as notified to the Collateral Agent in writing after the date hereof, there is no notice of infraction, action, suit or proceeding pending against (nor, to the Knowledge of the Borrower, any notice of infraction, action, suit or proceeding threatened against or in any other manner relating adversely to) the Borrower or any of its Assets in any court or before any arbitrator of any kind or before or by any Governmental Authority, which, if adversely determined (i) would have a Material Adverse Effect or (ii) would prevent Commissioning of the Project.

9.9 **Corporate Structure and Location of Assets**

Subject to the notices provided by the Borrower to the Collateral Agent pursuant to Section 10.11, Schedule "G" indicates:

9.9.1 each Person holding Capital Stock in the Borrower;

9.9.2 the type of Capital Stock held by each such Person and the percentage of ownership of such party represented by such Capital Stock;

9.9.3 the location of the registered and chief executive offices and the principal place of business of the Borrower and its jurisdiction of organization; and

9.9.4 the exact name of the Borrower.

9.10 **No Material Adverse Effect**

No event or events have occurred which have or would have a Material Adverse Effect or would prevent the Borrower from achieving Commissioning of the Project.

9.11 **Financial Statements**

All of the quarterly and annual Financial Statements which have been furnished to the Collateral Agent in connection with this Agreement are complete in all material respects and such Financial Statements fairly present the financial position of the Borrower as of

the dates referred to therein and have been prepared in accordance with Applicable Accounting Principles except that, in the case of quarterly Financial Statements, notes to the statements and audit adjustments required by Applicable Accounting Principles are not included.

9.12 **Accuracy of Information**

To the Knowledge of the Borrower, no information furnished by it to the Collateral Agent in connection with any of the ML Project Finance Documents contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances in which they were made and as of the date made. The Borrower has no Knowledge of any undisclosed fact that has or would have a Material Adverse Effect and that has not been otherwise disclosed in writing to the Collateral Agent.

9.13 **Accuracy of Forecasts**

Each financial forecast and projection with respect to the Borrower furnished to the Collateral Agent, including the information and documents delivered pursuant to subsection 7.1.2, was based upon assumptions believed to be reasonable by the Borrower as of the date of preparation.

9.14 **All Authorizations Obtained and Registrations Made**

All Authorizations and Registrations necessary to permit (i) the Borrower to execute, deliver and perform each ML Project Finance Document and Material Project Document to which it is a party, consummate the transactions contemplated thereby and grant the Liens contemplated in the ML Security Documents to which it is a party, (ii) the Borrower to undertake and carry on the Project and Commission the Project, and (iii) the Borrower to own its Assets and carry on its business, have been obtained or effected and are in full force and effect other than (a) in each case, as disclosed in Part V of Schedule "B", (b) in each case, those not yet required and which are expected to be obtained in the ordinary course as and when required, (c) in each case, the Registrations of the ML Security Documents to be made on or about the Closing Date and those to be made against the Future ML Assets and Rights as and when same are acquired by the Borrower, (d) the CAST Lease and (e) as pertains to the Material Project Documents referred to in paragraph (i) and generally as regards paragraphs (ii) and (iii) for such Authorizations and Registrations the failure to obtain, effect or to be in full force and effect would not have a Material Adverse Effect. The Borrower is in compliance in all material respects with the requirements of all such Authorizations and Registrations applicable to it and there is no award outstanding or litigation existing, pending or threatened which could result in the revocation, cancellation, suspension or any adverse modification of any of such Authorizations and Registrations.

9.15 **Pension Plans**

The Borrower has no Pension Plans.

9.16 **No ML Event of Default**

No ML Event of Default has occurred that has not been disclosed to the Collateral Agent and either remedied (or otherwise ceased to be continuing) or expressly waived in writing by the Collateral Agent.

9.17 **ML Assets and Rights**

The Borrower is the sole legal and beneficial owner of the Current ML Assets and Rights, free and clear of any encumbrance or Lien other than Permitted Encumbrances and the Current ML Assets and Rights are the Assets required by the Borrower as of the Closing Date to carry on its business as described in Section 9.22. The Borrower will be the sole legal and beneficial owner of the Future ML Assets and Rights, as and when they are acquired, free and clear of any encumbrance or Lien, other than Permitted Encumbrances.

9.18 **Intellectual Property**

The Borrower owns, possesses, is licensed or otherwise has the right to use all Intellectual Property Rights which are necessary for the operation of its business as presently conducted and as proposed to be conducted following Commissioning of the Project without any Known material conflict with the rights of others, except those for which the failure to own or possess (or be licensed or otherwise have the right to use) would not, singly or in the aggregate, have a Material Adverse Effect. To the best Knowledge of the Borrower, there is no violation by any Person of any of its rights with respect to any of the Intellectual Property Rights that would, singly or in the aggregate, have a Material Adverse Effect.

9.19 **Taxes**

The Borrower has:

- 9.19.1 delivered or caused to be delivered as and when required all returns for Taxes to the appropriate Governmental Authorities;
- 9.19.2 paid and discharged all Taxes payable by it when due except with respect to any such Tax which is being contested in good faith by appropriate proceedings and for which appropriate reserves have been provided in its books and as to which neither any Lien (other than a Permitted Encumbrance) has attached nor any foreclosure, distraint, seizure, attachment, sale or similar proceedings shall have been commenced;
- 9.19.3 made provision for appropriate amounts in respect of any Taxes likely to be exigible in accordance with Applicable Accounting Principles; and
- 9.19.4 withheld and collected all Taxes required to be withheld and collected by it and remitted as and when required such Taxes to the appropriate Governmental Authority.

9.20 **Environment**

With respect to environmental matters:

- 9.20.1 the Borrower is in compliance with all Environmental Laws;
- 9.20.2 the ML Assets and Rights are owned, leased, managed, controlled or operated in compliance with all Environmental Laws;
- 9.20.3 there are no existing, pending or, to the Knowledge of the Borrower, threatened:
 - 9.20.3.1 claims, complaints, notices or requests for information received by the Borrower with respect to any alleged violation by the Borrower of or alleged liability of the Borrower under any Environmental Law relating to any of the ML Assets and Rights; or
 - 9.20.3.2 orders from any Governmental Authority, including stop, Clean-Up or preventative orders, directions or action requests issued under Environmental Law which have been received by the Borrower requiring any work, repair, Clean-Up, construction or capital expenditures by the Borrower with respect to any of the ML Assets and Rights;
- 9.20.4 except in compliance with Environmental Law, no Hazardous Materials have been generated, received, handled, used, stored, treated or shipped at or from, and there has been no Release of Hazardous Materials at, on, from or under any of the ML Assets and Rights;
- 9.20.5 except in compliance with Environmental Law, to the Knowledge of the Borrower, none of the lands and premises forming part of the ML Land Area has been used for the disposal of waste or as a landfill or waste disposal site; and
- 9.20.6 to the Knowledge of the Borrower, the Borrower has not directly transported or directly arranged for the transportation of any Hazardous Materials to any location, except in compliance in all material respects with Environmental Law,

in each case with the exception of any matter or matters disclosed in Schedule "D" or that singly or in the aggregate would not have a Material Adverse Effect.

9.21 **Employee Relations**

The Borrower is in compliance with all material employee obligations required under Applicable Law.

9.22 **Business**

The Borrower is engaged solely in the business of undertaking the Project and, following the Commissioning Date, the business of the Borrower will consist of operating and maintaining the Project.

9.23 **Utilities**

All utility services necessary for the construction and the operation of the Project for its intended purposes are available or will be so available as and when required upon commercially reasonable terms.

9.24 **Initial Material Project Documents.**

The only Material Project Documents as at the Closing Date are the Initial Material Project Documents. The Material Project Documents and the Authorizations referred to in Part IV of Schedule "B":

9.24.1 comprise all of the property interests and rights necessary to constitute any right material to the acquisition, leasing, development, construction, installation, commissioning, operation and maintenance of the Project in accordance with all Applicable Law;

9.24.2 are sufficient to enable the Project to be located, constructed, operated and maintained on the ML Land Area; and

9.24.3 provide adequate ingress and egress for any reasonable purpose in connection with the construction, operation and maintenance of the Project under the Material Project Documents;

in each case save and except for the Additional Material Project Documents and Future ML Assets and Rights that will be acquired as set forth in Section 10.15.

9.25 **Material Project Documents**

There are no material uncured breaches or defaults by the Borrower or, to the Knowledge of the Borrower, any Material Project Participant, under any Material Project Document.

9.26 **Construction Budget; Projection**

The Borrower has prepared the Project Budget and the Project Schedule and same:

9.26.1 are based on reasonable assumptions as to all legal and factual matters material to the estimates set forth therein;

9.26.2 are consistent with the provisions of the Material Project Documents; and

9.26.3 indicate the projected date that the Commissioning of the Project will occur.

As of the date hereof, there are no material Project Costs that are not included in the Project Budget.

9.27 **Construction of Project**

All work done on the Project has been done in a good and workmanlike manner in accordance, in all material respects, with the terms of the Material Project Documents, the Authorizations related to the Project including those referred to in Part I of Schedule "B", Good Utility Practice, all Applicable Laws (save as disclosed in Schedule "C"), the Plans, the Project Schedule and the Project Budget.

9.28 **Force Majeure**

Neither the business nor the ML Assets and Rights or, to the Knowledge of the Borrower, any of the Material Project Participants, have been materially adversely affected by any Force Majeure which would result in a Material Adverse Effect.

9.29 **Aboriginal Matters**

To the Knowledge of the Borrower, except as described in Schedule "H", it is not aware of and it has not received notice of, any assertion by any aboriginal person or group, or any Person acting on behalf of any aboriginal person or group, by virtue of its aboriginal status, of:

- (a) any claim or proceeding against any ML Assets and Rights;
- (b) any right in any ML Land Area;
- (c) any claim of jurisdiction over any business of the Borrower or any right in the ML Land Area; or
- (d) any right to be consulted (other than pursuant to Applicable Law) with respect to any use, development or improvement of any right in the ML Land Area;

and except as disclosed in Schedule "H", the Borrower has no Knowledge of and it has not received, in relation to the ML Land Area, any notice of:

- (i) the existence or potential existence of any aboriginal archaeological, burial, cultural or heritage sites;
- (ii) any actual or alleged interference with aboriginal rights or treaty rights; or
- (iii) any specific or comprehensive claims,

which, in any of the cases set out in clause (a), (b), (c), (d), (i), (ii) or (iii), would result in a Material Adverse Effect or is not generally known to the public in NS.

9.30 **Repetition of Representations and Warranties**

The representations and warranties made under this Agreement shall be deemed to be made and shall be true, accurate and complete at and as of the date hereof and on the date each Borrowing is requested and made hereunder.

9.31 **Management and Operator Fees**

Save and except for Material Project Documents or in connection with any Distributions, the Borrower is not a party to or bound by any contract or commitment to pay any royalty, licence fee or management fee pursuant to any contract or agreement.

ARTICLE 10

GENERAL COVENANTS

So long as the ML Construction Loan or any other amount payable hereunder is outstanding and unpaid or the Borrower shall have the right to borrow hereunder (whether or not the conditions to borrowing have been or can be fulfilled), and unless the Collateral Agent shall otherwise consent in writing, which consent shall not be unreasonably refused or delayed, the Borrower hereby covenants that:

10.1 **Preservation of Existence, etc.**

The Borrower will preserve and maintain its existence and, subject to the exceptions described in Sections 9.5 and 9.14, preserve and maintain all Authorizations and Registrations necessary or required in the normal conduct of its business and to carry on its business as contemplated in Section 9.22 and qualify and remain qualified and authorized to do business in each jurisdiction in which it carries on business or owns or leases Assets.

10.2 **Obtain Approvals**

Subject to exceptions described in Sections 9.5 and 9.14, the Borrower will obtain or have obtained, as and when required, and maintain or have maintained any Authorization of or from any Governmental Authority which may be or become necessary or required in order that (i) the Borrower may undertake and carry on the Project and Commission the Project, (ii) the Borrower may own its Assets and carry on its business as contemplated in Section 9.22, and (iii) the Borrower may fulfill its obligations under each of the ML Project Finance Documents and Material Project Documents to which it is a party.

10.3 **Business, Compliance with Applicable Law**

The Borrower will engage solely in the business referred to in Section 9.22 and carry on and conduct its business in a proper and efficient manner. The Borrower will comply or have complied, in all material respects, with Good Utility Practice, all requirements of the

ML Project Finance Documents and Material Project Documents, all requirements of Applicable Law, and the terms and conditions of all Authorizations necessary or required (i) in the normal conduct of its business and (ii) to undertake and carry on the Project and Commission the Project.

10.4 **Compliance and Environmental Law**

The Borrower will comply, in all material respects, with all applicable Environmental Law and the requirements as to environmental status and compliance as set out in the Material Project Documents.

The Borrower shall deliver to the Collateral Agent notice of the following events after Knowledge thereof (which notice shall in any event be given within twenty (20) days after the Borrower has Knowledge thereof):

- 10.4.1 legal action or proceeding commenced against it with respect to any environmental matter referenced under subsection 11.6.1;
- 10.4.2 any Release of any Hazardous Material referenced in subsection 11.6.4; and
- 10.4.3 orders, notices or Authorizations from environmental Governmental Authorities referenced in subsection 11.6.5.

10.5 **Keeping of Records**

The Borrower will keep or cause to be kept, proper and lawful records and books of account and make or cause to be made therein, true and faithful entries of all dealings and transactions in relation to its business, all in accordance with Applicable Accounting Principles and, subject to Section 1.8 of Exhibit "A", applied on a consistent basis.

10.6 **Insurance**

The Borrower will maintain, or cause to have maintained by Emera as part of its overall insurance program or by the Borrower's contractors, the following insurance with respect to its Assets with independent and reputable insurers that (i) are licensed in NS or any other jurisdiction in Canada or are otherwise permitted to transact insurance business in Canada and (ii) have a rating of not less than A- "X" from A.M. Best Company or a rating of not less than A- from S&P or shall be otherwise reasonably acceptable on the advice of the Insurance Consultant, which insurance shall be in such form and amounts and with such deductibles and subject to such exclusions as set forth below:

10.6.1 from the Closing Date until the earlier of December 31, 2014 and the date that the Construction Period insurance coverage set forth in subsection 10.6.2 has been placed and certificates of insurance in respect thereof have been provided by the Borrower to the Collateral Agent, the following insurance shall be in name of Emera, as part of its overall insurance program, for the benefit of the Borrower:

10.6.1.1 general liability insurance on an occurrence or a claims made basis, including insurance against claims for personal injury, death, property damage and/or loss arising out of the operation of the Project and extended to include coverage for contractual liability, contingent employer's liability, tenant's legal liability, owners'/contractors' protective liability, products and completed operations, collapse, explosion and underground hazards, limited sudden and accidental time element pollution liability and non-owned automobile liability, all with a minimum combined single limit of CDN\$100,000,000 per occurrence which may be met through a combination of primary and excess insurance coverage. Such policy will have a deductible not greater than CDN\$1,000,000 per occurrence.

10.6.2 From and after the date set forth in subsection 10.6.1 and during the remaining portion of the Construction Period, the following insurance shall be in the name of Borrower or, as the case may be, Emera, as part of its overall insurance program, or the Borrower's contractors, for the benefit of the Borrower:

10.6.2.1 all risks builder's risk insurance, including coverage for perils of flood, earthquake and windstorm on all of its property and assets that are of an insurable nature (except installed onshore transmission and distributions systems) located at or incidental to the Project in NS or NL on a replacement cost, no co-insurance basis with a loss limit, sublimit and aggregated sublimits covering insured physical loss or damage in an amount acceptable to the Collateral Agent, but in any event of not less than CDN\$250,000,000 per occurrence except in the aggregate with respect to the perils of flood, earthquake and windstorm, provided, however that the limit applicable to any insured physical loss or damage to the submarine transmission systems shall be acceptable to the Collateral Agent on the advice of the Insurance Consultant. The builder's risk policy will provide coverage for resultant loss or damage arising from faulty materials, workmanship, service or design that limits the non-covered costs to equivalent to a LEG 2 coverage. The builder's risk insurance shall include coverage for testing and commissioning of machinery and equipment, a permission to occupy clause, a by-laws endorsement and coverage for property inland transit and property stored off-site;

- 10.6.2.2 wrap-up liability insurance on an occurrence basis, including insurance against claims for personal injury, death, property damage and/or loss arising out of the Project and extended to include coverage for contractual liability, tenant's legal liability, contingent employer's liability, owners'/contractors' protective liability, products and completed operations (not less than twenty-four (24) months), collapse, explosion and underground hazards, limited sudden and accidental time element pollution liability and non-owned automobile liability, all with a minimum combined single limit of not less than CDN\$75,000,000 per occurrence and CDN\$75,000,000 in the aggregate with respect to products and completed operations liability to also include the interests of all contractors, sub-contractors, trades and suppliers of materials (excluding suppliers who only supply materials, machinery or supplies to the Project and who do not carry out any installation or construction works on or at the site of the Project) whatsoever to the extent such coverage is not otherwise provided in insurance by such parties. Such policy will have a deductible that is the best available on commercially reasonable terms and acceptable to the Collateral Agent;
- 10.6.2.3 environmental liability insurance covering first party property damage and site clean-up and any third party claims for bodily injury, property damage and clean-up for any environmental incidents arising out of the construction of the Project if required by contract;
- 10.6.2.4 automobile liability insurance to provide coverage for owned, hired and non-owned vehicles with a minimum limit of liability of CDN\$25,000,000 for each occurrence, bodily injury and property damage combined which may be met by primary and excess insurance;
- 10.6.2.5 marine cargo insurance covering physical loss or damage for all shipments by ocean marine in an amount representing not less than 100% of the replacement cost of any property being shipped on any one vessel at any one time; such policy will have a deductible that is the best available on commercially reasonable terms and acceptable to the Collateral Agent;
- 10.6.2.6 worker's compensation insurance as required by the Laws of NS and NL covering employees of the Borrower and any other Person acting under the authority of the Borrower;
- 10.6.2.7 watercraft and/or aircraft liability if any aircraft and/or watercraft will be utilized in relation to its Project for a limit of not less than

CDN\$25,000,000 per occurrence which may be met by primary and excess insurance;

10.6.2.8 P&I insurance to the extent the Borrower has any such exposure; and

10.6.2.9 other insurance as may be considered customary and prudent industry practice if required by the Collateral Agent following consultation with the Borrower and the Insurance Consultant;

10.6.3 during the Operating Period and for so long as any amounts are due hereunder, the following insurance shall be in the name of the Borrower or, as the case may be, Emera, as part of its overall insurance program, or the Borrower's contractors, for the benefit of the Borrower:

10.6.3.1 all risks property insurance or other forms of financial assurance including coverage for the perils of flood, earthquake and windstorm on all of its property and assets that are of an insurable nature (except onshore transmission and distribution systems) on a replacement cost basis with a loss limit, sublimit and aggregated sub limits acceptable to the Collateral Agent on the advice of the Insurance Consultant. The property insurance shall be written on a stated amount or other comparable clause (allowing no co-insurance) basis and shall include a by-laws endorsement;

10.6.3.2 general liability insurance on an occurrence or a claims made basis, including insurance against claims for personal injury, death, property damage and/or loss arising out of the operation of the Project and extended to include coverage for contractual liability, contingent employer's liability, tenant's legal liability, owners'/contractors' protective liability, products and completed operations, collapse, explosion and underground hazards, limited sudden and accidental time element pollution liability and non-owned automobile liability, all with a minimum combined single limit of CDN\$50,000,000 per occurrence or higher where required by contract which may be met through a combination of primary and excess insurance coverage. Such policy will have a deductible not greater than CDN\$1,000,000 per occurrence;

10.6.3.3 automobile liability insurance to provide coverage for owned, hired and non-owned vehicles with a minimum limit of liability of CDN\$25,000,000 for each occurrence, bodily injury and property damage combined which may be met by primary and excess insurance;

- 10.6.3.4 worker's compensation insurance as required by the Laws of NS or NL, as the case may be, covering employees of the Borrower and any other Person acting under the authority of the Borrower;
 - 10.6.3.5 watercraft and/or aircraft liability if any aircraft and/or watercraft will be utilized by the Borrower in relation to the Project for a limit of not less than CDN\$25,000,000 per occurrence which may be met by primary and excess insurance; and
 - 10.6.3.6 other insurance in accordance with industry practice to the extent an exposure exists and if required by the Collateral Agent following consultation with the Borrower and the Insurance Consultant;
- 10.6.4 the builder's risk, the all-risks property and (if any) boiler and machinery insurance policies contemplated hereunder shall:
- 10.6.4.1 contain an advance payment clause;
 - 10.6.4.2 name the Collateral Agent and the Funding Vehicle as additional insureds as their interests may appear and the Collateral Agent as first mortgagee and loss payee on behalf of the Funding Vehicle;
 - 10.6.4.3 have attached a standard mortgage clause in a form approved by the Collateral Agent;
 - 10.6.4.4 provide that no cancellation for any reason whatsoever, shall take effect unless the insurer concerned has given not less than sixty (60) days' prior written notice of such proposed action (with the exception of cancellation for non-payment of premium for which a statutory fifteen (15) days' notice may apply);
 - 10.6.4.5 contain a waiver by the insurer or insurers of all rights of subrogation or indemnity or any other claim to which such insurer or insurers might otherwise be entitled against the Collateral Agent and the Funding Vehicle;
 - 10.6.4.6 [intentionally deleted]; and
 - 10.6.4.7 all deductibles to be best available on commercially reasonable terms and acceptable to the Collateral Agent;
- 10.6.5 the liability policies contemplated hereunder shall:
- 10.6.5.1 name each of the Collateral Agent and the Funding Vehicle as an additional insured;

- 10.6.5.2 provide that no cancellation or termination thereof or change therein, for any reason whatsoever, shall take effect unless the insurer concerned has given not less than sixty (60) days' prior written notice of such proposed action (with the exception of cancellation for non-payment of premium for which a statutory fifteen (15) days' notice may apply);
 - 10.6.5.3 contain a waiver by the insurer or insurers of all rights of subrogation or indemnity or any other claim to which such insurer or insurers might otherwise be entitled against the Collateral Agent and the Funding Vehicle;
 - 10.6.5.4 contain blanket written contractual liability;
 - 10.6.5.5 contain a non-vitiation or standard mortgage clause to the extent applicable; and
 - 10.6.5.6 contain a cross liability and severability of interest clause;
- 10.6.6 insurance proceeds relating to any damage or destruction of the Project received by either the Borrower or the Collateral Agent under any insurance required to be maintained pursuant to subsection 10.6.2 or subsection 10.6.3:
- 10.6.6.1 aggregating less than CDN\$30,000,000 per occurrence shall be deposited into the Borrower Insurance Reserve Account, in accordance with paragraphs 8.6.1.1 or 8.6.2.2, as applicable, to be applied to the repair or restoration of the Project;
 - 10.6.6.2 aggregating more than CDN\$30,000,000 per occurrence, where the Repair Conditions have been satisfied, shall be deposited into the Borrower Insurance Reserve Account and shall be applied in accordance with paragraphs 8.6.1.2 or 8.6.2.3, as applicable, and with subsection 10.6.7; or
 - 10.6.6.3 aggregating more than CDN\$30,000,000 per occurrence, where the Repair Conditions have not been satisfied, shall be deposited into the Borrower Insurance Reserve Account and maintained therein until the Repair Conditions have been satisfied, at which time the funds therein shall be released and applied in accordance with paragraphs 8.6.1.2 or 8.6.2.3, as applicable, and with subsection 10.6.7;
- 10.6.7 if insurance proceeds relating to any damage or destruction of the Project have been received under any insurance required to be maintained pursuant to subsection 10.6.2 or subsection 10.6.3 and paragraph 10.6.6.2 is applicable, or paragraph 10.6.6.3 is applicable and the Repair Conditions have been satisfied, such insurance proceeds shall be applied by the Borrower during the

Construction Period or the Operating Period to the repair or restoration of the Project in accordance with the following procedures:

- 10.6.7.1 the Borrower shall cause any repairs or restoration to be commenced and completed diligently at the cost and expense of the Borrower; and
- 10.6.7.2 the release of insurance proceeds for application toward such repairs or restoration shall be conditioned upon the Borrower's written request and the presentation to the Collateral Agent of a certificate of the Borrower **(a)** describing in reasonable detail the nature of the repairs or restoration to be effected with such release, **(b)** stating the cost of such repairs or restoration and the specific amount requested to be paid over to or upon the order of the Borrower and that such amount is requested to pay the cost thereof, **(c)** stating that the aggregate amount requested by the Borrower in respect of such repairs or restoration (when added to any other insurance proceeds received by the Borrower in respect of such damage or destruction and other available funding sources) does not exceed the Borrower's reasonable estimation of the cost of such repairs or restorations, and that repair or restoration of the Project is technically and economically feasible, and **(d)** stating that each ML Project Finance Document and during the Construction Period, each Material Project Document remains in full force and effect, whereupon the Collateral Agent shall release such insurance proceeds to the Borrower;

The Borrower will duly and punctually pay or cause to be paid the premiums and other sums of money payable in connection with all such insurance and shall provide an annual insurance renewal certificate to the Collateral Agent. The Borrower shall provide prompt notice to the Collateral Agent of any notices of cancellation or termination or material changes received from any insurer in respect of any insurance policies required to be maintained pursuant to subsection 10.6.2 or subsection 10.6.3.

Where under any Material Project Document, the counterpart thereto is required to take or maintain any insurance, then the Borrower shall cause such insurance to name the Collateral Agent and the Funding Vehicle as first mortgagee and loss payees under direct damage policies (property, boiler and machinery, builders risk) and as additional insured under liability insurance policies and to contain a standard mortgagee clause.

The Borrower shall, or, during any Enforcement Proceedings pursuant to the ML Security Documents, shall assist the Collateral Agent to, at the Borrower's cost and expense, make all proofs of loss and take all other steps necessary or reasonably necessary to collect from insurers for any loss covered by any insurance required to be maintained pursuant to subsection 10.6.2 or subsection 10.6.3.

In the event that at any time the insurance required to be maintained pursuant to subsection 10.6.2 or subsection 10.6.3 is not available on commercially reasonable terms and conditions, the Borrower shall procure the best insurance coverage available on commercially reasonable terms and conditions, as evidenced by a supporting broker opinion acceptable to the Collateral Agent and the Insurance Consultant.

In the event that at any time the insurance required to be maintained pursuant to subsection 10.6.2 or subsection 10.6.3 shall be reduced (and such reduction is not warranted and is not reinstated) or cease to be maintained (provided such insurance continues to be considered to be necessary in accordance with Good Utility Practice), then (without limiting the rights of the Collateral Agent hereunder in respect of any ML Event of Default which arises as a result of such failure), the Collateral Agent may, following consultation with the Borrower, maintain such insurance required to be maintained pursuant to subsection 10.6.2 or subsection 10.6.3 and, in such event, the Borrower shall reimburse the Collateral Agent upon demand for the cost thereof together with interest thereon at a rate as specified in this Agreement, but in no event shall the rate of interest exceed the maximum rate permitted by Applicable Law.

10.7 **Registrations**

10.7.1 The Borrower will maintain, amend and renew as required the Registrations made from time to time as required by this Agreement in connection with the ML Security Documents, in order to create, preserve, protect and perfect the Liens created pursuant to such documents and, from time to time, upon any demand from the Collateral Agent to that effect, execute and deliver all other documents and do all other things which the Collateral Agent may require with respect to the ML Security Documents in order to create, preserve, protect and perfect the validity, effect and priority of the Liens against the Key Sites created thereunder. Notwithstanding any other provision of this Agreement, provided the Borrower is not in default under this Agreement, the Borrower shall not be required to so register the ML Security Documents against the Borrower's interest in the ML Real Property Interests more often than quarterly, except that in the case of the acquisition of ML Real Property Interests constituting all or a portion of the Key Sites or any one of them, the Borrower shall register the ML Security Documents in respect thereof at the time of acquisition.

10.7.2 From and after the Closing Date, upon the acquisition of any ML Real Property Interests constituting all or a portion of the Key Sites or any one of them, the Borrower shall provide to the Collateral Agent the title opinion of the Borrower's Real Property Counsel to the effect that the Borrower is the duly registered and lawful owner by good and marketable freehold or leasehold title, as the case may be, of such of the Key Site as at such date of acquisition and that the said interest in such Key Site is free and clear of all Liens, except Permitted Encumbrances.

10.8 **Payment of Taxes and Claims**

The Borrower will timely pay and discharge: (i) subject to paragraph (ii), all Taxes prior to the date on which penalties attach thereto, and (ii) all lawful claims for rents, labour, materials and supplies which, if unpaid, might become a Lien upon any of its Assets; provided, however, that, no such Taxes, and associated penalties, if any, and claims, need be paid which are being contested in good faith by appropriate proceedings and for which appropriate reserves shall have been set aside on the appropriate books, but only so long as such Taxes, and associated penalties, if any, and claims do not become subject to a Lien, other than a Permitted Encumbrance, and no foreclosure, distraint, seizure, attachment, sale or similar proceedings shall have been commenced.

10.9 **Visits and Inspections**

Upon reasonable prior notice, the Borrower shall permit representatives of the Collateral Agent, Canada and the Funding Vehicle including specifically, the Independent Engineer, at their risk, upon reasonable request made (i) no more than three (3) times per calendar year if no ML Event of Default has occurred and is continuing or (ii) if a ML Event of Default then exists, from time to time as is reasonable in the circumstances, to visit and inspect the locations of its Assets during normal business hours, provided that such visit and inspection does not affect any equipment warranty or materially affect any Project Costs or the Project Schedule, inspect its books and records and discuss with its principal officers its business, assets, liabilities, financial position, results of operations and business prospects, and otherwise verify the Borrower's compliance with its covenants under the ML Project Finance Documents, the Material Project Documents and all Authorizations relating to the Project.

10.10 **Payment of Legal and Other Fees and Disbursements**

The Borrower shall pay (i) all Various Agent Costs and Expenses, the Funding Vehicle Project Costs and Expenses and the Canada Project Costs and Expenses, following its receipt, from time to time, of satisfactory invoices and supporting documentation relating to such costs and expenses and (ii) without duplication, all other expenses of the Funding Vehicle (other than interest paid or payable by the Funding Vehicle in connection with the FV Debt or other Indebtedness of the Funding Vehicle) including any Taxes payable by the Funding Vehicle, as well as all other amounts required to be paid by the Administrator pursuant to the Administration Agreement.

10.11 **Change of Name/Transfer of Assets**

The Borrower shall notify the Collateral Agent in writing at least ten (10) Business Days prior to (a) any change of name of the Borrower, (b) any transfer of the Borrower's rights in its Assets not expressly permitted hereunder, (c) any change in jurisdictions in which the Assets of the Borrower are located, and (d) any change in the location of the Borrower within the meaning of the PPSA.

10.12 **Material Project Documents**

The Borrower will:

- 10.12.1 observe, perform and discharge in all material respects the covenants, conditions and obligations imposed on it by any Material Project Document and all Authorizations related to the Project;
- 10.12.2 do all things necessary or expedient in order to maintain each Material Project Document and all Authorizations related to the Project in full force and effect unless such Material Project Document or Authorization is no longer in full force and effect as a result of Commissioning or the failure to maintain it in full force and effect would not have a Material Adverse Effect;
- 10.12.3 enforce each Material Project Document in accordance with its terms unless the failure to do so would not have a Material Adverse Effect; and
- 10.12.4 upon the request of the Collateral Agent, make to each of the other parties under the IE Contract such demands for information and reports as to action taken or, as the case may be, not taken, as the Borrower is entitled to make thereunder.

10.13 **Change Orders**

The Borrower shall have the authority to issue Change Orders to amend the Material Project Documents, provided, however, that:

- 10.13.1 a copy of any Change Order shall immediately be provided to the Independent Engineer and the Collateral Agent;
- 10.13.2 if (i) any Change Order issued under a Material Project Document exceeds Twenty Million Canadian Dollars (CDN\$20,000,000) and (ii) taking into account such Change Order, the Cost Variances, as at the proposed date of coming into effect of such Change Order, netted against the savings, would result in Hard Costs that exceed the Hard Costs budgeted under the Project Budget as at such date by an amount in excess of Twenty Million Canadian Dollars (CDN\$20,000,000), then such proposed Change Order may only be issued with the written consent of the Collateral Agent in consultation with the advice of the Independent Engineer, which consent shall not be unreasonably refused or delayed, it being agreed that the Collateral Agent shall provide a response to the request for such Change Order by no more than five (5) Business Days following its receipt of such request; and
- 10.13.3 such Change Order will not delay Commissioning of the Project beyond the Date Certain unless the Collateral Agent otherwise consents, it being agreed that the Collateral Agent shall provide a response to the request for such Change Order by no more than five (5) Business Days following its receipt of such request.

10.14 **Notices under Material Project Documents**

If the Borrower is provided with (i) a notice of revocation or termination with respect to any of the Material Project Documents or (ii) a notice of suspension or stoppage of work under a Material Project Document, the Borrower shall provide as soon as reasonably possible thereafter, a copy of such notice to the Collateral Agent with a description of the applicable default or circumstance giving rise thereto and a report indicating the status of such default or circumstance and the steps taken and to be taken (as applicable) to cure such default or circumstance. If such default or circumstance is not cured within thirty (30) days after the receipt by the Borrower of any such notice, the Borrower will so advise the Collateral Agent and thereafter will co-operate and work with the Independent Engineer and the Collateral Agent to attempt to cure such default within the then remaining cure period available to the Borrower, if any, under the relevant Material Project Document.

10.15 **Additional Material Project Documents**

The Borrower shall deliver to the Collateral Agent within forty-five (45) days after the receipt thereof by the Borrower, copies of:

- 10.15.1 all Additional Material Project Documents and material Authorizations obtained or entered into by the Borrower after the Closing Date;
- 10.15.2 any amendment, supplement or other modification to any Material Project Document received by the Borrower after the Closing Date; and
- 10.15.3 all material notices, directives or written communications relating to the Project received by the Borrower from any Governmental Authority.

The Borrower shall acquire the Future ML Assets and Rights, including, without limitation, the Key Sites, as and when required to enable it to comply in all material respects with the Project Schedule. The Borrower will execute the Additional Material Project Documents in a form satisfactory to the Collateral Agent, as and when required to enable it to comply in all material respects with the Project Schedule.

10.16 **Commissioning**

The Borrower shall diligently pursue the construction of the Project to achieve Commissioning in all material respects in accordance with Good Utility Practice, the Project Plans, the Project Schedule, the Project Budget, the Material Project Documents and all Authorizations related to the Project. If the Project does not achieve Commissioning by the Date Certain, the Borrower acknowledges that Canada shall be entitled to issue an "Enforcement Notice" under the Completion Guarantee and exercise its right and remedies thereunder.

10.17 **Use of Proceeds**

The Borrower will apply all proceeds of all ML Drawdowns under the ML Construction Facility to finance, in part, Project Costs.

10.18 **Use of Project Funds**

Save as otherwise provided in Article 8, the Borrower shall deposit and direct that all funds receivable by it be deposited into the Borrower Project Funding Account and transfer such amounts for application solely for the purposes and in the order and manner provided in Article 8.

10.19 **Commitment to Commission**

The Collateral Agent may, from time to time and in consultation with the Independent Engineer, redetermine the total Hard Costs necessary to Commission the Project in accordance with the requirements of this Agreement using current cost data and other information obtained by or otherwise made available to the Collateral Agent pursuant to the terms of this Agreement. Where at any time the full amount of the ML Construction Facility have been disbursed but the Project has not yet achieved Commissioning, the Borrower shall cause all Project Costs necessary to achieve Commissioning to be funded on a timely basis.

10.20 **Post-Commissioning Work**

The Borrower shall create (i) a list of items of work remaining to be performed or corrected and a list of items to be completed in connection with the Performance Testing, together with an estimate of the costs to complete same (the "Punch List Items"), (ii) a list of all Demobilization Work and an estimate of the costs to complete same (the "Demobilization List Items"); and (iii) a list of items in respect of which Hard Costs will be outstanding following the first day of the Operating Period, and shall provide such lists to the Collateral Agent and the Independent Engineer no later than 30 days prior to the Commissioning Date. The Collateral Agent and the Independent Engineer shall be entitled to verify such lists in a manner acceptable to the Borrower.

The Borrower shall use commercially reasonable efforts to complete the Punch List Items and Demobilization List Items within 365 days following the Commissioning Date and shall provide to the Collateral Agent evidence of such completion.

10.21 **Expropriation**

If an Expropriation Event shall be threatened or occur with respect to any Assets of the Borrower, the Borrower: **(a)** shall following discovery or receipt of notice of any such threat or occurrence provide written notice to the Collateral Agent; **(b)** shall diligently pursue all its rights to compensation against the relevant Governmental Authority in respect of such Expropriation Event; and **(c)** shall not, without the prior written consent of the Collateral Agent, which consent (prior to the occurrence and continuance of a ML Event of Default) shall not be unreasonably refused or delayed, compromise or settle

any claim against such Governmental Authority. The Borrower consents to the participation of the Collateral Agent in any proceedings resulting from an Expropriation Event, and the Borrower shall from time to time deliver to the Collateral Agent all documents and instruments requested by it to permit such participation.

10.22 **As Built Marked-Up Drawings, Survey**

By no later than two hundred and seventy (270) days following the first day of the Operating Period, the Borrower shall deliver to the Collateral Agent "as built" marked-up drawings for the Project and on or prior to the Commissioning Date, deliver to the Collateral Agent a surveyor's real property report with respect to the Project showing no encroachments other than Permitted Encumbrances on any portion of any premises outside the ML Land Area. Based on such surveys, the Borrower shall make all such further Registrations of the ML Security Documents in all offices where such registration, filing or recording is necessary or of advantage to the creation, validity, effect, perfection, priority or preservation of Liens under the ML Security Documents, including, Registrations in respect of underground cables.

10.23 **Maintenance**

During the Operating Period, the Borrower shall operate and maintain the ML Assets and Rights and carry out the O&M Activities in accordance with Good Utility Practice.

10.24 **IE Certificate**

The Borrower shall cooperate with the Independent Engineer so the Independent Engineer can provide to the Collateral Agent, on an annual basis on each anniversary date of the Commissioning Date, a certificate in the form of the one attached as Schedule "I", confirming that budgeting and maintenance of the Project are being conducted in accordance with Good Utility Practice.

10.25 **DSCR Consultation Process**

If any ML Compliance Certificate delivered pursuant to Section 11.1 or 11.2 demonstrates that either the Retrospective DSCR or the Prospective DSCR is less than 1.40 as at the end of any relevant rolling twelve (12) month period, a thirty (30) day consultation process shall automatically be triggered commencing on the date of delivery of such ML Compliance Certificate (the "**DSCR Consultation Period**"). During the DSCR Consultation Period, the Borrower shall meet with the Collateral Agent and the Funding Vehicle, during normal business hours, on request made from time to time by the Collateral Agent in advance of any proposed meeting to discuss the DSCR results and the Borrower's proposed steps to increase the DSCR.

10.26 **Anti-Money Laundering Legislation**

Since, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your customer" laws (collectively, including any

guidelines or orders thereunder, "**AML Legislation**"), the Collateral Agent and the Funding Vehicle may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect holders of its Capital Stock or other Persons in control, directly or indirectly, of 25% or more of the Capital Stock of the Borrower, and the transactions contemplated hereby, the Borrower shall provide all such information, including supporting documentation and other evidence, as may be requested by the Collateral Agent or the Funding Vehicle, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

10.27 **[Intentionally Deleted]**

10.28 **Cost Overruns**

10.28.1 Starting on the first anniversary of the first ML Drawdown Date, and on each anniversary date thereafter (or, in each case, if such anniversary date is not a Business Day, on the first Business Day following such anniversary date) up to the Commissioning Date, the Borrower shall deliver to the Collateral Agent a certificate (the "**Cost Overruns Certificate**"):

10.28.1.1 reporting on the Cost to Complete;

10.28.1.2 advising of any changes to the Project Schedule and the expected Commissioning Date;

10.28.1.3 confirming the amount of Cost Overruns, if any, as at the date of such certificate; and

10.28.1.4 confirming that any such Cost Overruns have been funded in accordance with the terms hereof. The amounts set forth in the Cost Overruns Certificate shall be confirmed by the Independent Engineer in a certificate delivered to the Collateral Agent concurrently with the Cost Overruns Certificate which shall include comments by the Independent Engineer on the reasonableness of the Cost to Complete and the adequacy of the funding of the Cost Overruns.

10.28.2 The Borrower hereby covenants and agrees that any Cost Overruns shall be funded as follows:

10.28.2.1 on the first anniversary date of the first ML Drawdown Date (or, if such anniversary date is not a Business Day, on the first Business Day following such anniversary date), an amount equal to the aggregate Cost Overruns, calculated as at such anniversary date, divided by the number of calendar years remaining to the expected Commissioning Date (each an "**Initial Cost Overrun Instalment Payment**") shall have been funded, and the Initial Cost Overrun Instalment Payment shall be funded on each anniversary date

thereafter until an amount equal to such aggregate Cost Overruns shall have been paid;

- 10.28.2.2 on the second anniversary date of the first ML Drawdown Date and on each anniversary date thereafter (or, in each case, if such anniversary date is not a Business Day, on the first Business Day following such anniversary date) up to the Commissioning Date, if the Cost to Complete as at such anniversary date plus the Project Costs incurred and paid for since Project Commencement less the amount of the Project Budget exceed the Cost Overruns reported as at the previous anniversary date, an amount equal to such excess, which is the additional Cost Overrun for that year (an "**Additional Cost Overrun**"), divided by the number of calendar years remaining to the expected Commissioning Date (each an "**Annual Cost Overrun Instalment Payment**") then that Annual Cost Overrun Instalment Payment shall be funded on each anniversary date thereafter until an amount equal to the aggregate Additional Cost Overrun has been paid;
- 10.28.2.3 each Initial Cost Overrun Instalment Payment and Annual Cost Overrun Instalment Payment shall be funded by way of an advance of cash by the Borrower into the Cost Overrun Escrow Account. The Cost Overrun Escrow Account will be under the control of the Collateral Agent for the purpose of funding Cost Overruns and shall form part of the Security;
- 10.28.2.4 following the Available ML Construction Facility being nil and the amounts on deposit in the Working Capital Reserve Account being nil, all Eligible Project Costs shall be funded by the use of the amounts so deposited in the Cost Overrun Escrow Account. Funds shall be released from the Cost Overrun Escrow Account in a manner similar to that contemplated in Section 7.7 in connection with WCR Releases. If at any time between the first ML Drawdown Date and the Commissioning Date, the balance outstanding in the Cost Overrun Escrow Account is nil, Eligible Project Costs shall be funded through additional equity contributions or Additional Debt, as may be permitted under the terms hereof;
- 10.28.2.5 where immediately prior to Commissioning any balance remains outstanding in the Cost Overrun Escrow Account, then upon Commissioning, such balance shall be released from the Cost Overrun Escrow Account and applied at the Borrower's option;
- 10.28.2.6 for all purposes of calculating the DER, following the Available ML Construction Facility being nil and the amounts on deposit in the Working Capital Reserve Account being nil, the amounts

deposited into the Cost Overrun Escrow Account shall be deemed to form part of the Base Equity Contribution, but not before; and

10.28.2.7 any amount on deposit in the Cost Overrun Escrow Account shall be used exclusively to fund Project Costs, and, for greater certainty, shall not be used for the payment of any debt service obligations, other than to the extent that they constitute Project Costs.

10.28.3 Notwithstanding the provisions of subsection 10.28.2, the Borrower shall be permitted to deliver to the Collateral Agent a Letter of Credit issued under a letter of credit facility of Emera or a Subsidiary of Emera (other than the Borrower) for any amount of Cost Overruns to be funded in the Cost Overrun Escrow Account. The total amount required to be on deposit in the Cost Overrun Escrow Account at any time while the Collateral is in possession of such a valid Letter of Credit shall be reduced by the amount of such Letter of Credit.

10.29 **Schedules to be Completed Following the Closing Date**

The Borrower hereby undertakes to deliver to the Collateral Agent schedules to Exhibit B", Schedule "E", and Part II (Soft Costs) of Schedule "U" with, in the case of each such schedule, the acknowledgement set forth therein duly executed by the Borrower, and in each case completed so as to provide for all information required pursuant to the terms hereof. Schedule "X" will be completed following approval for the form of letter of credit by the Collateral Agent acting in accordance with Requisite Instructions.

ARTICLE 11

INFORMATION COVENANTS

So long as the ML Construction Loan or any other amount payable hereunder or, for clarity and without duplication, any amount payable to Canada under the GAA, is outstanding and unpaid or the Borrower shall have the right to borrow hereunder (whether or not the conditions to borrowing have been or can be fulfilled) and unless the Collateral Agent shall otherwise consent in writing, the Borrower covenants and agrees that:

11.1 **Quarterly Financial Statements and Information**

Within sixty (60) days after the end of each of the first three (3) fiscal quarters in each of the fiscal years of the Borrower, the Borrower shall deliver to the Collateral Agent:

11.1.1 the unaudited consolidated Financial Statements of the Borrower for such fiscal quarter;

11.1.2 during the Operating Period, a ML Compliance Certificate. If a ML Compliance Certificate delivered pursuant to this Section indicates that

the Retrospective DSCR or the Prospective DSCR as at the end of any relevant rolling twelve (12) month period was less than 1.40, the Borrower shall also provide to the Collateral Agent such information as to the reasons why the DSCR was less than 1.40 and the means by which the Borrower proposes to increase the DSCR; and

- 11.1.3 during the Operating Period, an operating report in the form of the one attached as Schedule "J" signed by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, containing a quarterly and year-to-date numerical and narrative assessment of (i) the variance analysis of the Project's compliance with each material category in the applicable Annual O&M Budget, (ii) any material casualty losses, (iii) replacement of material equipment not contemplated by the then current Annual Maintenance Plan, and (iv) an update on works performed to date pursuant to the Annual Maintenance Plan (an "**Operating Report**").

11.2 Annual Financial Statements and Information

Within one hundred and twenty (120) days after the end of each fiscal year of the Borrower, the Borrower shall deliver to the Collateral Agent:

- 11.2.1 the audited consolidated Financial Statements of the Borrower, as certified by a national firm of chartered accountants of recognized standing and accompanied by such auditors' report which must not contain any expression of any material concern as to whether or not such Financial Statements do present fairly the financial position of the Borrower;
- 11.2.2 during the Operating Period, a ML Compliance Certificate. If a ML Compliance Certificate delivered pursuant to this Section indicates that the Retrospective DSCR or the Prospective DSCR as at the end of any relevant rolling twelve (12) month period was less than 1.40, the Borrower shall provide to the Collateral Agent such information as to the reasons why the DSCR was less than 1.40 and the means by which the Borrower proposes to increase the DSCR; and;
- 11.2.3 following the beginning of the Operating Period, an Operating Report with respect to the last fiscal quarter of the previous fiscal year.

11.3 Construction Reports

During the Construction Period, the Borrower shall deliver to the Collateral Agent and the Independent Engineer, a construction report in the form of the one attached as Schedule "K" on the twentieth (20th) day of each month, or where the twentieth (20th) day of a month is not a Business Day, the Business Day immediately following the twentieth (20th) day of such month, with respect to the prior month, which report shall be executed by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, attesting or providing:

- 11.3.1 Hard Costs incurred as at the Effective Date in such prior month by major expense category and compared as against the original Project Budget;
- 11.3.2 an analysis of the Cost to Complete;
- 11.3.3 a description of any Cost Variances detailing any variances from the Project Budget (with a narrative explanation of such variances);
- 11.3.4 the estimated Commissioning Date detailing any variances which would materially delay the Commissioning Date;
- 11.3.5 a description of any material disputes with any Material Project Participant and any related claims against the Borrower;
- 11.3.6 a narrative report describing in reasonable detail the progress of the construction of the Project since the last report hereunder and compared as against the originally established milestones in the Project Schedule;
- 11.3.7 that the Project is being built substantially in all respects in accordance with the Project Plans and Good Utility Practice and that, subject to the exceptions described in Sections 9.5 and 9.14, such officer has no reason to believe that the Project is being built in violation of any Applicable Laws or Authorizations in effect at the time of performance of the relevant work;
- 11.3.8 that, subject to the exceptions described in Sections 9.5 and 9.14, all Material Project Participants and other Persons participating or working toward the Commissioning of the Project, to the best of such Responsible Officer's Knowledge, are not in material default with respect to any of their respective obligations which would materially delay Commissioning and the Borrower is not in material default in the payment of any sums due to such Persons in accordance with the terms agreed upon or in the fulfilment of any of its obligations with respect to such Persons, save and except with respect to such payments or obligations which the Borrower shall be contesting diligently and in good faith and in respect of which, in the event that such contestation should prove unsuccessful, no Lien shall be created or result upon or with respect to any ML Assets and Rights now owned or hereafter acquired by the Borrower, except for Permitted Encumbrances;
- 11.3.9 that, subject to the exceptions described in Sections 9.5 and 9.14, all Authorizations which, under Applicable Law, at such time are necessary to have been obtained in connection with the Project and the work currently being performed on the Project, have been obtained and are in full force and effect and do not contain any condition which could prevent or adversely affect the ability of the Borrower of attaining Commissioning of the Project; and

11.3.10 as to the Additional Material Project Documents, if any, entered into by the Borrower since the last such certificate or the Closing Date, as the case may be;

which report shall be accompanied with all such supporting documentation and information as will permit the Collateral Agent and the Independent Engineer to verify the information and calculations given and made in such report (a "**Construction Report**").

11.4 **Distribution Certificate**

If the Borrower wishes to make a Distribution, other than one contemplated in subsection 12.6.1 or paragraph 12.6.2.1, during any fiscal quarter (it being understood that only one Distribution may be made per fiscal quarter), then a Distribution Certificate must be delivered to the Collateral Agent no less than five (5) Business Days prior to the proposed Distribution Date:

11.4.1 setting forth a calculation of Distribution Funds; and

11.4.2 certifying whether each of the Distribution Conditions has been met or will be met on the relevant Distribution Date.

11.5 **Budget Information**

During the Operating Period, the Borrower shall provide to the Collateral Agent, not more than ninety (90) days following the end of each fiscal year of the Borrower, the forecasted Financial Statements of the Borrower for the following fiscal year, detailed on a quarterly basis in a manner satisfactory to the Collateral Agent.

During the Operating Period, the Borrower shall provide to the Collateral Agent not less than thirty (30) days before the end of each fiscal year, the Annual O&M Budget and the Annual Maintenance Plan for the following fiscal year.

11.6 **Notice of Litigation and other Matters**

The Borrower shall deliver to the Collateral Agent notice of the following events after Knowledge thereof (which notice shall in any event be given within twenty (20) days after the Borrower has Knowledge thereof):

11.6.1 the commencement of all proceedings (including any notices of infraction) and investigations by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against, or (to the extent Known to the Borrower) in any other way relating to the Borrower, any of their respective Assets, the Project or, to the Knowledge of the Borrower, threatened against the Borrower or the Project, in each case which would have a Material Adverse Effect;

- 11.6.2 any event or events which, singly or in the aggregate, would have a Material Adverse Effect;
- 11.6.3 any ML Event of Default;
- 11.6.4 any Release of any Hazardous Material at, upon, under, over, within, with respect to or emanating from the ML Land Area in violation of any applicable Environmental Law, which would have a Material Adverse Effect;
- 11.6.5 copies of all orders, notices or Authorizations from environmental Governmental Authorities where the issue thereof would, singly or in the aggregate, have a Material Adverse Effect;
- 11.6.6 the occurrence of a material event of Force Majeure described in reasonable detail, the effects of such event on the Project Schedule and Project Budget or the operation of the ML Assets and Rights, the action which the Borrower intends to take to remedy such event and the estimated date when the event of Force Majeure will be remedied and will cease to impair the Project Schedule and Project Budget or the operation of the ML Assets and Rights as well as notice of the cessation of any event of Force Majeure;
- 11.6.7 any circumstance of which the Borrower has notice or has Knowledge which would result in a material breach of, or material default under, a Material Project Document by any party thereto;
- 11.6.8 any notice received by the Borrower of any Expropriation Event as regards any of the Assets of the Borrower;
- 11.6.9 any casualty, damage or loss, whether or not insured, or any act or omission of the Borrower, its officers, directors, agents, contractors, consultants or representatives, or of any other Person if such casualty, damage, loss, act or omission affects the Borrower or the Project, in excess of CDN\$25,000,000 for any one such incident, or an aggregate of CDN\$50,000,000;
- 11.6.10 any cancellation or material change in the terms, coverages or amounts of any insurance described in Section 10.6, unless such cancellation or material change has been approved by the Collateral Agent;
- 11.6.11 any intentional withholding of material compensation to any Material Project Participant under any Material Project Document;
- 11.6.12 any material breach or material dispute under any Material Project Document;
- 11.6.13 any material delay in the anticipated Commissioning Date; and
- 11.6.14 any of the events to which reference is made in Section 10.4.

11.7 **Operating Budget**

The Borrower shall deliver to the Collateral Agent, not later than ninety (90) days prior to the anticipated Commissioning Date, the O&M Budget.

11.8 **Disbursement Account Reconciliation Report**

The Borrower shall deliver to the Collateral Agent and the Independent Engineer a reconciliation report on or before the last Business Day of each month during the Construction Period, which shall be executed by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, providing:

11.8.1 a detailed listing of all disbursements from the Borrower Disbursement Account during the prior month; and

11.8.2 a description of any variances between the Project Costs, Operating Costs and Sustaining Costs paid from the Borrower Disbursement Account and amounts deposited into the Borrower Disbursement Account from the Borrower Project Funding Account for the prior month.

11.9 **Other Information**

Following each request, the Borrower shall furnish to the Collateral Agent, such data, certificates, reports, statements, documents or further information regarding the Project or the business, Assets, liabilities, financial position or results of operations of the Borrower as the Collateral Agent may request including any certificates and documents that the Collateral Agent may request in order to monitor the compliance of the Borrower with any AML Legislation.

11.10 **Distribution by Use of Websites**

The Borrower may satisfy its obligations under this Agreement to deliver to the Collateral Agent, or any advisor thereof, including the Independent Engineer, copies of the information, notices, reports and documents referred to in this Agreement, including those referred to in Article 7 by posting this information onto a secure and confidential electronic website (which shall include IntraLinks) designated by the Borrower to which the Collateral Agent and the Funding Vehicle have access and which creates automatic notice of posting to the access list. The Borrower shall supply the Collateral Agent and the Funding Vehicle with the address of and any relevant password specifications for that designated website. Any website designated pursuant to this Section 7.9 must have appropriate and sufficient archiving and retrieval capabilities (including, without limitation, the ability to retrieve materials in printable form) as well as business interruption and server redundancy features, all as approved by the Collateral Agent.

ARTICLE 12

NEGATIVE COVENANTS

So long as the ML Construction Loan or any other amount payable hereunder is outstanding and unpaid or the Borrower shall have the right to borrow hereunder (whether or not the conditions to borrowing have been or can be fulfilled) and unless the Collateral Agent shall otherwise consent in writing, the Borrower hereby covenants that:

12.1 Liens

The Borrower will not create, incur, assume or suffer to exist any Lien upon or in respect of any of its present or future Assets other than Permitted Encumbrances.

12.2 Indebtedness

The Borrower will not incur, create, assume or suffer to exist any Indebtedness except for:

- 12.2.1 Indebtedness under this Agreement and the other ML Project Finance Documents;
- 12.2.2 Indebtedness secured by a Lien which is a Permitted Encumbrance (other than a Lien securing Purchase Money Obligations);
- 12.2.3 trade payables or similar Indebtedness incurred in the ordinary course of business and for the purpose of carrying on same, representing the deferred purchase price of property or services;
- 12.2.4 Indebtedness under Purchase Money Obligations; provided, however, that the aggregate principal amount of Purchase Money Obligations of the Borrower outstanding at any time shall not exceed CDN\$15,000,000; and
- 12.2.5 Additional Debt incurred by the Borrower provided, however that (i) any such Additional Debt that is secured by Liens on any of the Assets of the Borrower shall be expressly subordinated to the Liens under the ML Security Documents on terms and conditions satisfactory to the Collateral Agent (ii) immediately after incurring such Additional Debt and after giving effect thereto no ML Event of Default shall exist, and (iii) if such Additional Debt is incurred (a) during the Operating Period, the Prospective DSCR would not be less than 1.40 and the DER would not be greater than 70% as evidenced by a certificate signed by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, delivered to the Collateral Agent at least five (5) Business Days prior to the incurrence of such Additional Debt or (b) during the Construction Period a certificate signed by a Responsible Officer of the Borrower, in his capacity as an officer of the Borrower and without personal liability, is delivered to the Collateral Agent at least five (5) Business Days prior to the incurrence of such Additional Debt,

confirming that the servicing of such Additional Debt constitutes Project Costs and will therefore be funded as any other Project Costs under the terms of this Agreement and during the Operating Period the servicing of such Additional Debt is provided for by ML Project Revenues in accordance with Section 8.1.2.2.

12.3 **Derivative Instruments**

The Borrower will not enter into or be a party to any Derivative Instrument other than Derivative Instruments which the Borrower may enter into in the normal course of completing the Project to hedge against legitimate risks or exposures in connection with the Material Project Documents or otherwise to complete the Project, provided that such Derivative Instrument does not result in the ML Construction Facility exceeding CDN\$1.3 billion using mark to market monetization formulas acceptable to the Collateral Agent.

12.4 **Business Combinations**

The Borrower will not wind-up, liquidate or dissolve its affairs or enter into any transaction of amalgamation, merger, consolidation or other business combination or convey, sell, alienate, lease or otherwise dispose of (or agree to do any of the foregoing, at any future time) all or substantially all of its Assets, save and except that:

12.4.1 the Borrower may amalgamate with another Subsidiary of Emera if the amalgamated corporation (and Borrower's Counsel) confirms to the Collateral Agent in writing that it is liable, by operation of law or otherwise, for the obligations of the amalgamating corporations under the ML Project Finance Documents and executes and delivers a confirmatory assumption agreement, in form and substance acceptable to the Collateral Agent;

12.4.2 the Borrower may convey, sell, alienate, lease or otherwise dispose of all or substantially all of its Assets to another Subsidiary of Emera provided that the purchaser of such Assets executes and delivers to the Collateral Agent an assumption agreement and any supplemental ML Security Documents as may be required by the Collateral Agent, in form and substance acceptable to the Collateral Agent; and

12.4.3 the Borrower may transfer or assign the ML Assets and Rights to Nalcor or a Subsidiary of Nalcor in accordance with the Development Agreement.

provided that in each of the foregoing cases, at the time any of the transactions contemplated thereunder are carried out and immediately after giving effect thereto, no ML Event of Default shall have occurred and be continuing.

12.5 **Investments**

The Borrower will not make any Investment other than Permitted Investments.

12.6 **Distributions**

12.6.1 The Borrower may not declare or make any Distribution to any Person during the Construction Period;

12.6.2 The Borrower may not declare or make any Distribution to any Person during the Operating Period save and except that:

12.6.2.1 the Borrower may declare and make Distributions to Emera and any Subsidiary of Emera, on a quarterly basis provided, however, that no ML Event of Default exists on the date of any such proposed Distribution;

12.6.2.2 the Borrower may declare and make Distributions other than those contemplated in Section 12.6.2.1, on a quarterly basis provided, however, that such Distributions are sourced from Distribution Funds on a Distribution Date and the Distribution Conditions are met on such Distribution Date; and

12.6.2.3 the Borrower may declare and make Distributions other than those otherwise provided for in this subsection provided, however, that (i) no ML Event of Default exists on the date of any such proposed Distribution and (ii) such Distribution is made from the Cost Overrun Escrow Account in accordance with paragraph 10.28.2.5.

12.7 **Change of Year-End**

The Borrower will not change its fiscal year-end or the end of any of its fiscal quarters without the consent of the Collateral Agent. On the Closing Date, the fiscal year-end of the Borrower is December 31.

12.8 **Change in Business**

The Borrower will not effect any change in the nature of its business as described in Section 9.22 or cease to carry on its business.

12.9 **Pension Plans**

Unless required by Applicable Law, the Borrower shall not create any Pension Plan without the consent of the Collateral Agent.

12.10 **Sale or Lease of Assets**

The Borrower shall not sell, lease or otherwise dispose of its Assets without the consent of the Collateral Agent, whether now owned or hereafter acquired, except for:

12.10.1 disposals of all or substantially all of its assets as permitted pursuant to Section 12.4; and

12.10.2 disposals of obsolete, worn out or other Assets not used or required for the continued operation of the Project up to an aggregate fair market value not to exceed CDN\$10,000,000 per fiscal year of the Borrower, and disposals of other Assets consisting of temporary facilities, equipment and buildings.

12.11 **Subsidiaries**

As of the date of this Agreement, the Borrower has a single Subsidiary, Maritime Link (NL) Transmission Construction Employers' Association Inc. The Borrower shall not create or acquire any additional Subsidiary.

12.12 **Material Project Documents**

The Borrower shall not cause, consent to, or permit, any termination, amendment or variance of, or waiver of timely compliance with, any of the terms or conditions of or obligations under any Material Project Document save and except:

12.12.1 any amendments or modifications to cure any defective provisions contained therein or to permit other minor deviations from the terms thereof;

12.12.2 amendments, waivers or variances that are not adverse to the Borrower or the Project in any material respect; and

12.12.3 Change Orders permitted pursuant to Section 10.13.

12.13 **Abandonment of Project**

The Borrower shall not voluntarily abandon construction of the Project and shall not voluntarily abandon the operation of the Project, in each case for a continuous period of more than thirty (30) days, except in the case of Force Majeure where such period shall be extended unless it causes the occurrence of a default under any Material Project Document.

12.14 **Project Accounts**

The Borrower shall not change the location of the Borrower Project Accounts without the prior written consent of the Collateral Agent (such consent not to be unreasonably withheld or delayed), *provided that* (i) the Collateral Agent, (ii) the Borrower, and (iii) such bank to which the Project Accounts are to be moved shall, prior to such change in location, enter into such agreements as the Collateral Agent may request to preserve, perfect and protect the Liens under the Security Documents in the funds standing to the credit of the Project Accounts.

12.15 **Non-Arm's Length Transactions**

Save and except for Material Project Documents entered into with Affiliates of the Borrower, the Borrower shall not permit any transaction, repay any debt, liabilities or obligations owing to, or transfer any undertaking or property (other than at fair market

value for cash) to, or purchase any undertaking or property from or otherwise enter into any transaction or agreement (other than on commercially reasonable terms) with, any Affiliate (or any Person who, after the completion of the transaction, would become an Affiliate) or any trustee, director, officer, employee, shareholder, unitholder, or Person not dealing at arm's length with the Borrower (within the meaning of the *Income Tax Act* (Canada)).

12.16 **Use of Project Sites**

The Borrower shall not use any sites of the Project for any purpose other than the construction and operation of the Project, without the consent of the Collateral Agent, and without undue delay, after consultation by the Collateral Agent with such consultants as the Collateral Agent may deem reasonably necessary.

12.17 **Amendments to Organizational Documents**

The Borrower shall not amend any of its Organizational Documents in a manner that would be reasonably expected to adversely affect the rights and remedies of the Collateral Agent.

12.18 **Securities Issuances**

The Borrower shall not issue any securities unless the issued securities are concurrently and validly pledged as a first priority Lien, subject to Permitted Encumbrances, in favour of the Collateral Agent.

ARTICLE 13

EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute a ML Event of Default (each such event being herein referred to as a "**ML Event of Default**"):

13.1 **Non-Payment of Principal or Interest**

The Borrower fails to pay, when due, any Sinking Fund Payment or amount of principal, interest or fees outstanding hereunder or under any other ML Project Finance Document within five (5) Business Days of the due date thereof.

13.2 **Misrepresentation**

Any representation or warranty made or deemed made by the Borrower herein or in any other ML Project Finance Document is found to have been false, inaccurate, incomplete, fraudulently made, or breached in any material respect.

13.3 **Breach of Covenants**

The Borrower fails to perform or comply with any provision or obligation (other than those specifically referred to in the other Sections of this Article) contained herein or in any other ML Project Finance Document and such failure continues unremedied for a period of thirty (30) days following the issuance to the Borrower by the Collateral Agent of a notice thereof, provided that with respect to Section 10.3, the Borrower shall not be in default of such provision or obligation provided that it is in material compliance with Applicable Law and Authorizations.

13.4 **Unsatisfied Judgments**

Any judgment or decree for the payment of money is entered against the Borrower and is not vacated, discharged, stayed or collateral has not been posted with respect thereto pending appeal within sixty (60) days of the entry thereof, or is not vacated or discharged prior to the expiration of any stay of proceedings applicable thereto, and involves a liability (not paid or fully covered by insurance) the amount of which, singly or when aggregated with all such liabilities of the Borrower, exceeds CDN\$25,000,000.

13.5 **Enforcement Proceeding**

Any Enforcement Proceeding is commenced against the Borrower is not vacated, discharged, dismissed or stayed within sixty (60) days of the commencement thereof, and relates to a material part of the ML Assets and Rights.

13.6 **Insolvency**

An Insolvency Event shall have occurred with respect to (i) the Borrower, or (ii) Emera.

13.7 **Change of Control**

Should Emera cease to Control the Borrower.

13.8 **Default under Completion Guarantee**

Emera fails to commence to perform the “Guaranteed Obligations “ (as defined in the Completion Guarantee) or fails to commence to cause the performance of the Guaranteed Obligations within twenty (20) days of the receipt of an “Enforcement Notice” (as defined in the Completion Guarantee) thereunder, or subsequently, fails to perform or cause the performance of the Guaranteed Obligations as contemplated by Section 3.2 of the Completion Guarantee.

13.9 **Failure to furnish a Construction Report**

Should the Borrower fail to furnish to the Collateral Agent and the Independent Engineer a Construction Report when required under the provisions of Section 11.3 and such failure continues unremedied for a period of thirty (30) days.

13.10 **Denial of Obligations**

Should the Borrower deny to any material extent, its obligations under any ML Project Finance Document or claim any of the ML Project Finance Documents to be rescinded, terminated (other than a scheduled termination), invalid or withdrawn, in whole or in part, or if any ML Project Finance Document ceases to be in full force and effect otherwise than in accordance with the provisions thereof.

13.11 **Material Project Documents Default**

If the Borrower breaches or defaults under any material provision contained in any Material Project Document and such breach or default has a Material Adverse Effect and such breach or default shall continue unremedied for the applicable cure period or thirty (30) days in the event that no cure period is specified or the Borrower has not obtained, or caused to be obtained, a Replacement Obligor within such cure period of time.

13.12 **Non-Permitted Assignment of Material Project Documents**

If the Borrower assigns any Material Project Document and such assignment is not permitted under the terms of such Material Project Document.

13.13 **Authorization**

If any Authorization is materially modified, suspended, revoked or cancelled by a Governmental Authority having jurisdiction or if any Authorization expires while it is still required for the Project; provided, however, that the foregoing shall not result in a ML Event of Default if the Borrower diligently pursues and obtains a replacement of such Authorization within thirty (30) days after its material modification, suspension, revocation, cancellation or expiry, and such modification, suspension, revocation, cancellation or expiry does not result in a Material Adverse Effect or the suspension or termination of the collection of revenues for the Project; and provided further, that the foregoing shall not result in a ML Event of Default if such replacement Authorization cannot be obtained within such thirty (30) day period, as long as the Borrower continues to diligently pursue obtaining such replacement Authorization and such modification, suspension, revocation, cancellation or expiry does not result in a Material Adverse Effect or the suspension or termination of the collection of revenues for the Project.

13.14 **Material Project Document Invalidity**

If any Material Project Document ceases to be in full force and effect other than as a result of a scheduled termination or Commissioning and the Borrower fails, within thirty (30) days after such Material Project Document so ceases to be in effect, to replace such Material Project Document or cause it to be replaced, if required in the opinion of the Collateral Agent, with an Additional Material Project Document with a Replacement Obligor containing substantially the same terms as such Material Project Document and acceptable to the Collateral Agent.

13.15 **Security**

If any Lien under the ML Security Documents ceases to constitute a valid and perfected first priority Lien (subject only to Permitted Encumbrances) in the Borrower's Assets (other than Distributions permitted under this Agreement which are still in the possession of the Borrower).

13.16 **Insurance Proceeds**

In the event of loss or damage to the Project resulting in insurance proceeds of more than CDN\$80,000,000, the insurance proceeds are not sufficient to repair, rebuild or replace the damage or destruction in respect of which the insurance proceeds are payable, unless within ninety (90) days following the payment of such insurance proceeds, the Borrower funds the deficiency to the satisfaction of the Collateral Agent.

13.17 **Abandonment of Project**

If the Borrower fails to comply with the provisions of Section 12.13.

13.18 **Unauthorized Transfer**

If the Borrower fails to comply with the provisions of Section 12.10.

13.19 **DSCR**

If any ML Compliance Certificate delivered pursuant to Section 11.1 or 11.2 demonstrates that the Retrospective DSCR or the Prospective DSCR is less than 1.10 as at the end of any rolling twelve (12) month period and such default is not remedied within thirty (30) days following the delivery of any such ML Compliance Certificate.

13.20 **Debt Service Reserve**

If, at any time, the balance in the DSRA (plus the amount of each valid Letter of Credit issued to the Collateral Agent pursuant to subsection 8.3.5) is less than the Minimum DSRA Requirement as at then most recent Minimum DSRA Requirement Fixing Date and the Borrower fails to deposit in the DSRA such amounts as are necessary to fund the deficiency within five (5) Business Days following the issuance to the Borrower by the Collateral Agent of a notice to do so.

13.21 **Assignment by the Borrower**

If the Borrower purports to assign this Agreement without the prior written consent of the Collateral Agent.

ARTICLE 14

REMEDIES

14.1 Preliminary Measures

Upon the occurrence of a ML Event of Default (other than a ML Event of Default listed in subsections 14.1.1 to 14.1.7), a one hundred and fifty (150) day consultation period (the "**Remedies Consultation Period**") shall automatically be triggered during which the Borrower shall meet with the Collateral Agent, Canada and the Funding Vehicle during normal business hours, on request made by the Collateral Agent or the Borrower from time to time during such Remedies Consultation Period reasonably in advance of any proposed meeting, to discuss the ML Event of Default, the cause of such ML Event of Default and potential actions to be taken to cure the ML Event of Default and attempt to come to an agreement on how to implement the remedy for the ML Event of Default in a timeframe acceptable to all such parties. Notwithstanding the existence of any ML Event of Default (other than a ML Event of Default listed in subsections 14.1.1 to 14.1.7) during the Remedies Consultation Period, neither the Collateral Agent nor the Funding Vehicle shall be entitled to exercise any Right, Recourse or Remedy that might otherwise be available to it or them hereunder, under any other ML Project Finance Document or under any Applicable Law including those contemplated in Section 14.2, save and except (i) for the right of the Collateral Agent to apply amounts on deposit in the DSRA to the payment of any Sinking Fund Payments then due and outstanding or any payment under the ML Construction Loan then due and outstanding and (ii) that as of and from the 90th day of such Remedies Consultation Period, the Collateral Agent may issue to the Borrower (but not to third parties) any notices for enforcement required to be issued under Applicable Law similar to the notices required under Section 244 of the *Bankruptcy and Insolvency Act* (Canada), provided, however, that no such notice may be published, filed or registered in any public registry or elsewhere until the expiry of such Remedies Consultation Period. If at any time during a Remedies Consultation Period, an Insolvency Event (other than an Insolvency Event under clause (v) of the definition of "Insolvency Event") occurs with respect to the Borrower or Emera, then such Remedies Consultation Period shall thereupon terminate. The following ML Events of Default shall not trigger a Remedies Consultation Period:

- 14.1.1 a ML Event of Default under Section 13.6 resulting from an Insolvency Event other than an Insolvency Event under clause (v) of the definition of "Insolvency Event";
- 14.1.2 a ML Event of Default under Section 13.7;
- 14.1.3 a ML Event of Default under Section 13.8;
- 14.1.4 a ML Event of Default under Section 13.10;
- 14.1.5 a ML Event of Default under Section 13.12;

14.1.6 a ML Event of Default under Section 13.14 but only to the extent that it relates to the Development Agreement and the Agency and Service Agreement;

14.1.7 a ML Event of Default under Section 13.17.

14.2 **Termination and Acceleration**

Upon the occurrence and during the continuance of an Enforcement Event, the Collateral Agent may do any one or more of the following:

14.2.1 declare the whole or any part of the ML Construction Facility to be cancelled, terminated or reduced, whereupon the Funding Vehicle shall not be required to make any further Advance hereunder in respect of such portion of the ML Construction Facility so cancelled, terminated or reduced;

14.2.2 accelerate the maturity of all or any item or part of the ML Construction Loan and declare them and any applicable ML Make-Whole Amount to be payable on demand or immediately due and payable, whereupon they shall be so accelerated and become so payable or due and payable, as the case may be;

14.2.3 enforce or realize upon all or any Lien granted under the ML Project Finance Documents;

14.2.4 suspend any rights of the Borrower under any ML Project Finance Document, whereupon such rights shall be so suspended; and

14.2.5 take any other action, commence any other suit, action or proceeding or exercise such other rights as may be permitted by any ML Project Finance Document or Applicable Law (whether or not provided for in any ML Project Finance Document) at such times and in such manner as the Collateral Agent may consider expedient,

all without any additional notice, demand, presentment for payment, protest, noting of protest, dishonour, notice of dishonour or any other action being required. If an Enforcement Event occurs and is continuing, the ML Construction Facility shall immediately and automatically be cancelled and the ML Construction Loan and the ML Make-Whole Amount shall be accelerated and become immediately and automatically due and payable without any action on the part of the Collateral Agent or the Funding Vehicle being required.

14.3 **Distribution of Proceeds of Realization**

Any Proceeds of Realization received by any of the Funding Vehicle or the Collateral Agent, as the case may be, shall be applied as follows:

14.3.1 firstly, to pay all costs (including Realization Costs) incurred or paid by the Funding Vehicle and the Collateral Agent up to and including the day any

Proceeds of Realization are distributed in accordance with the provisions of this subsection 14.3.1;

14.3.2 secondly, to pay all other Various Agent Costs and Expenses incurred or paid up to and including the day any Proceeds of Realization are distributed in accordance with the provisions of this subsection 14.3.2;

14.3.3 thirdly, to pay all Funding Vehicle Project Costs and Expenses incurred or paid up to and including the day any Proceeds of Realization are distributed in accordance with the provisions of this subsection 14.3.3;

14.3.4 fourthly, to pay all Canada Project Costs and Expenses incurred or paid up to and including the day any Proceeds of Realization are distributed in accordance with the provisions of this subsection 14.3.4;

14.3.5 fifthly, to pay (i) all interest and ML Financing Fee in respect of the ML Construction Loan, (ii) all principal on the ML Construction Loan and any ML Make-Whole Amount, and (iii) all breakage costs and other losses and expenses, in all cases then due and payable pursuant to the provisions of the Consolidated Transaction Documents up to and including the day any Proceeds of Realization are distributed in accordance with the provisions of this subsection 14.3.5; and

14.3.6 lastly, to pay any surplus to any Person or Persons who by Applicable Law shall have the right to receive same.

14.4 **Application of Payments**

Any payments received in respect of the ML Secured Obligations from time to time may, notwithstanding any appropriation by the Borrower but subject to the provisions of Section 14.3, be appropriated to such parts of the obligations of the Borrower under any ML Project Finance Documents and in such order as the Collateral Agent, acting in accordance with the Requisite Instructions sees fit, and the Collateral Agent shall have the right to change any appropriation at any time pursuant to any such Requisite Instructions.

ARTICLE 15

INDEMNITIES

15.1 **Change in Law**

If the Funding Vehicle determines (which determination shall be evidenced by a certificate submitted to the Borrower and the Collateral Agent by the Funding Vehicle and, in the absence of demonstrable error, such certificate shall constitute *prima facie* evidence of the subject matter thereof among the parties hereto) that:

15.1.1 a Change in Law has made or shall make it unlawful, impracticable or contrary to any Applicable Law for the Funding Vehicle to maintain or give effect to all or

any part of its obligations as contemplated by this Agreement and the other ML Project Finance Documents, or to make or maintain all or any part of the ML Construction Loan hereunder, then the obligations of the Funding Vehicle to maintain or give effect to such part of such obligations or to make or maintain such part of the ML Construction Loan shall terminate and, subject to the provisions of any such Applicable Law and those of Section 15.2 with respect to losses and expenses, the Borrower shall repay in full any such affected ML Construction Loan, together with all interest accrued thereon and the ML Make-Whole Amount, immediately upon demand of the Funding Vehicle or the Collateral Agent; or

15.1.2 a Change in Law has:

- (a) imposed, modified, or deemed applicable any loan ceiling against the Funding Vehicle or imposed, modified or deemed applicable any special Tax (other than a Tax on the overall net income of the Funding Vehicle), reserve, deposit or similar requirement with respect to assets held by, deposits in or for the account of, the acquisition of funds by, or loans by the Funding Vehicle; or
- (b) changed the basis of taxation of payments to the Funding Vehicle under this Agreement (other than a change affecting taxation on the overall net income of the Funding Vehicle); or
- (c) imposed on the Funding Vehicle any other condition (including the amount of capital required or expected to be maintained by the Funding Vehicle as a result of this Agreement) or monetary restraint with respect to this Agreement; and

the result of any of the foregoing is to increase the cost to the Funding Vehicle of making or maintaining the ML Construction Facility, the ML Construction Loan or any part thereof or to reduce any amount receivable by the Funding Vehicle with respect to the ML Construction Loan or any part thereof by an amount which the Funding Vehicle deems in its sole discretion to be material, within ten (10) Business Days of receipt of the certificate referred to above (which certificate shall contain all required computations and reasonable explanations of the amounts required to be paid); then

- (d) the Borrower shall pay to Collateral Agent, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions), for the account of the Funding Vehicle, such additional amount computed by Collateral Agent as will, on an after-tax basis, compensate the Funding Vehicle for such additional cost or reduction in amounts receivable which the Funding Vehicle determines to be attributable to the Borrower or the ML Construction Loan made to the Borrower; and

- (e) subject to the provisions of Section 15.2 with respect to losses and expenses, the Borrower may repay in full the ML Construction Loan together, in each case, with accrued interest thereon and the ML Make-Whole Amount.

15.2 **Reimbursement of Losses and Expenses**

Whenever the Funding Vehicle shall sustain or incur any losses and expenses in connection with:

- 15.2.1 the failure of the Borrower to borrow pursuant to a ML Draw Request once delivered (whether by reason of the Borrower's decision not to proceed, the non-fulfilment by the Borrower of any of the conditions set forth herein, the existence of a ML Event of Default on the relevant ML Drawdown Date or for any other reason other than default by the Funding Vehicle resulting from a default by the Funding Vehicle); or
- 15.2.2 the declaration by the Collateral Agent following the occurrence and continuance of an Enforcement Event that the ML Construction Loan is immediately due and payable; or
- 15.2.3 the failure of the Borrower to pay when due any principal, interest, Sinking Fund Payment, fees or other amount under this Agreement when due (whether at maturity, by reason of acceleration or otherwise).

(the events contemplated above shall be referred to individually as a "**ML Loss Event**" and the funds repaid, not borrowed or not repaid, as the case may be, which are subject to any such ML Loss Event shall be collectively referred to as the "**ML Affected Funds**").

The Borrower agrees to pay to the Collateral Agent, or as otherwise agreed between the Borrower, the Funding Vehicle and the Collateral Agent (acting in accordance with Requisite Instructions), for the account of the Funding Vehicle, upon demand, an amount certified by the Collateral Agent to be necessary to compensate the Funding Vehicle for all such losses and expenses. The certificate of the Collateral Agent shall also specify the computation and reasonable explanations of the amount to be paid.

15.3 **Environmental Indemnity**

The Borrower shall at all times indemnify and hold harmless the Indemnified Parties against and from any and all losses and expenses of any nature whatsoever, incurred, suffered, sustained or required to be paid by them or any one thereof, under or on account of Environmental Laws, including the assertion of any Lien thereunder (collectively, the "**Environmental Losses**"), with respect to:

- 15.3.1 any violation or alleged violation of Environmental Laws, or the presence of any Hazardous Material affecting any Asset of the Borrower in violation of Environmental Laws;

- 15.3.2 any Clean-Up costs incurred by any Governmental Authority or any costs incurred by any other Person or damages from injury to, destruction of, or loss of natural resources, including reasonable costs of assessing such injury, destruction or loss incurred in connection with the property, operations and activities of such other Person or the property, operations and activities of the Borrower as a result of the violation of Environmental Laws by the Borrower;
- 15.3.3 liability for personal injury or property damage arising under any statutory or common law tort theory; and
- 15.3.4 any other environmental matter affecting any Asset of the Borrower or the operations and activities of the Borrower within the jurisdiction of any Governmental Authority.

The obligations of the Borrower under this Section shall arise upon the discovery of any Hazardous Material, whether or not any Governmental Authority has taken or threatened any action in connection with the presence of any Hazardous Material.

15.4 **General Indemnity**

The Borrower hereby indemnifies and holds harmless the Indemnified Parties from and against any and all losses and expenses, joint and several or joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defence with respect thereto arising out of or in connection with or relating to this Agreement (including, without limitation, any liability that any Indemnified Party incurs by virtue of being found, in respect of the Project, liable as a partner or joint venturer), the other ML Project Finance Documents or the transactions contemplated hereby or thereby, or any use made or proposed to be made with the proceeds of the ML Construction Facility, whether or not such investigation, litigation or proceeding is brought by the Borrower or any of their respective partners, shareholders or creditors, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such losses and expenses are found in a final judgment to have directly resulted from such Indemnified Party's gross negligence or wilful misconduct.

15.5 **Claims under the Indemnities**

The Indemnified Party claiming indemnification under Sections 15.3 or 15.4 shall give the Borrower notice in writing of particulars of any claim asserted by third parties against it which is covered by such indemnities and the Borrower shall, within fifteen (15) days, give notice in writing to such Indemnified Party whether it wishes to dispute such claim at their sole cost and expense. The Indemnified Party shall not permit the settlement of or compromise of such claim without the written consent of the Borrower, unless the said fifteen (15) day period has expired without the Borrower having given written notice of its desire to dispute such claim. If the Indemnified Party is unable to obtain timely advice

from the Borrower that it wishes to dispute such claim as aforesaid, the Indemnified Party shall be entitled to deal with such claim in such manner as it deems appropriate. If the Borrower gives such written notice to the Indemnified Party that it does wish to dispute such claim, the Borrower shall have the obligation to contest, settle, compromise or dispute such claim in the name of or on behalf of the Person against whom it is made, at its own cost and expense, and shall at their its cost and expense defend expeditiously the Person against whom such claim is made from all such actions or proceedings to which the said indemnity applies, and the Indemnified Party shall arrange that the Borrower shall have the right to carry on such actions or proceedings in its name; provided that, counsel retained by the Borrower to prosecute such defense is approved by the Indemnified Party and the Borrower (i) shall keep the Indemnified Party advised as to the course of the proceedings, (ii) shall not settle any claim without the prior consent of the Indemnified Party unless the settlement results in a full and final release of the Indemnified Party without cost or any risk to the reputation of the Indemnified Party and does not contain any admission of fault, and (iii) shall prosecute and dispute or conduct such negotiations in good faith and with due diligence; and provided, further that, notwithstanding any provision herein contained, the Indemnified Party shall at all times have the right to retain its own counsel, with the prior written consent of the Borrower and at the reasonable cost and expense of the Borrower, to advise it in any of the foregoing, to appear in its name and act on its behalf in any proceedings or conduct negotiations on its behalf. Subject to the foregoing, the Indemnified Party shall make available to the Borrower copies of all files, books, records and documents, information and data (except for such files, books, records and documents, information and data which are confidential) in the possession and control of the Person against whom the claim is made relevant to such actions or proceedings for the purposes of such defence and shall cause such Person to cooperate without expense to itself in all reasonable respect and to assist in the defence of any such actions or proceedings.

15.6 **Remedial Action**

In the event of:

15.6.1 any Release of Hazardous Materials, the threat of a Release of any Hazardous Material or the presence of any Hazardous Material affecting or relating to any Asset of the Borrower in violation of Environmental Laws which, singly or in the aggregate, (i) would result in losses and expenses to the Borrower in excess of CDN\$50,000,000 or (ii) would have a Material Adverse Effect; or

15.6.2 the Borrower failing to comply with any of the requirements of Environmental Laws, which non-compliance, singly or in the aggregate, would have a Material Adverse Effect;

the Collateral Agent after having given written notice of the intention of the Funding Vehicle to the Borrower (no later than fifteen (15) Business Days before giving effect to such intention at their election, but without the obligation so to do), may give such notices and/or cause such work to be performed at such property and/or take any and all other actions as the Collateral Agent shall deem necessary or advisable in order to Clean-

Up or cure non-compliance. Any amounts expended by the Collateral Agent in any of the foregoing activities shall be repayable by the Borrower upon the demand of the Collateral Agent, shall form part of the ML Construction Loan and interest thereon shall be computed and be payable at the FV Interest Rate and such amounts shall constitute part of the ML Secured Obligations.

15.7 **Acknowledgement**

The Borrower acknowledges that the Collateral Agent and the Funding Vehicle have agreed to the ML Construction Loan being made in reliance upon the representations, warranties and covenants in this Agreement relating to the environment. For this reason, it is the intention of the Borrower, the Collateral Agent and the Funding Vehicle that the Borrower shall be liable for any liability or Indebtedness arising under this Article even if the amount of liability incurred exceeds the amount of the ML Construction Loan. The liability and Indebtedness of the Borrower arising under this Article shall constitute part of the ML Secured Obligations, shall be secured by the ML Security Documents, are absolute and unconditional and shall not be affected by any act, omission, or circumstance whatsoever, whether or not occasioned by the fault of the Collateral Agent and the Funding Vehicle or any one thereof, except to the extent such liabilities are determined, in a final judgment, to have resulted directly from the gross negligence or wilful misconduct of the Collateral Agent and the Funding Vehicle, their respective directors, officers, employees, advisors, representatives and agents or any one thereof. All of the representations, warranties, covenants and indemnities of this Agreement relating to the environment shall survive the repayment of the ML Construction Loan and shall survive the transfer of any or all right in and to the Assets of the Borrower to any party, whether or not affiliated with them.

The obligations and the Indebtedness arising under Section 15.3 are not in any way diminished by the knowledge of any one of such beneficiaries of the non-compliance by the Borrower with Environmental Laws; they shall survive the repayment of the ML Construction Loan as well as the sale or disposition of the property which is the basis of the indemnity claimed.

ARTICLE 16

SPECIAL PROVISIONS

16.1 **Covenant of the Funding Vehicle**

The Funding Vehicle covenants and agrees that, on demand made by the Borrower from time to time, it shall claim from the Indenture Trustee any moneys set aside in connection with any redemption of any securities issued by the Funding Vehicle under Section 5.5 of the MTI six (6) years following such setting aside if the holders of such securities have not claimed such amounts and that such amounts be paid to the Funding Vehicle and the Funding Vehicle shall pay same to the Borrower upon receipt.

16.2 **Actions and Decisions of the Collateral Agent and Funding Vehicle**

Whenever any reference is made in this Agreement to a decision or judgment to be made by, consent or waiver to be granted by, discretion to be exercised by, action to be taken by, request to be made by, or otherwise to the Collateral Agent, the Funding Vehicle or any one of them, or any other Person, including the Collateral Agent's Counsel, the Independent Engineer or the Insurance Consultant, such reference shall be deemed to be a reference to such Person, acting reasonably. Moreover, and without limiting the foregoing, whenever any reference is made in this Agreement to a decision or judgment to be made by, consent or waiver to be granted by, discretion to be exercised by, action to be taken by, request to be made by, or otherwise to, the Collateral Agent, such reference shall be deemed to be to the Collateral Agent, acting in accordance with the Requisite Instructions.

16.3 **Directions in Respect of the Funding Vehicle Proceeds Account**

The Funding Vehicle and the Borrower acknowledge and agree that the Borrower has an interest in ensuring that the funds in the FV Proceeds Account are properly Invested from time to time, and that such Investments are sufficiently liquid to allow the Funding Vehicle to perform its obligations as lender hereunder, and to allow the Borrower to access the funds necessary under the ML Construction Facility to fund Project Costs as per the terms hereof. In furtherance of the foregoing, the Funding Vehicle directs the Administrator to act in accordance with the instructions of the Borrower, provided such instructions are provided in accordance with the terms of the GAA, with respect to all instructions contemplated in the ML FV Blocked Account Agreement as to the Investments to be made from funds held in the FV Proceeds Account, and the liquidation of such Investments.

ARTICLE 17

MISCELLANEOUS

17.1 **Notice**

17.1.1 Any notice, document or other communication required or permitted to be given or delivered hereunder will be given by personal delivery or courier, or facsimile, or by electronic mail delivery addressed as follows:

17.1.1.1 **To the Collateral Agent:**

The Toronto-Dominion Bank
TD Bank Tower
66 Wellington St. W., 9th Floor
Toronto ON M5K 1A2

Attention: Michael A. Freeman, Vice President, Loan Syndications-Agency

Fax: 416-944-6976

E-mail: Michael.Freeman@tdsecurities.com

17.1.1.2 To the Funding Vehicle:

ML Funding Vehicle Trust

c/o BNY Trust Company of Canada, as Issuer Trustee
320 Bay Street, 11th Floor
Toronto, Ontario M5H 4A6

Attention: Corporate Trust Administration

Fax: (416) 360-1711

17.1.1.3 To the Borrower:

NSP Maritime Link Incorporated

1223 Lower Water Street
Halifax, NS B3J 3S8

Attention: Corporate Secretary

Fax: (902) 428-6171

With a copy to:

NSP Maritime Link Incorporated

9 Austin St.
St. John's, NL A1B 4C1

Attention: Vice President, Corporate Affairs

Fax: (709) 722-2083

17.1.2 All notices, directions and communications will be deemed to have been duly given: at the time delivered by hand if personally delivered or delivered by courier; when sent, if sent by facsimile or e-mail even if sent after the recipient's normal business hours.

17.2 Amendments and Waivers

17.2.1 Subject to subsection 17.2.2, this Agreement may be changed from time to time by all of the parties hereto.

17.2.2 No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by all the parties hereto, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which

given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

17.3 **Provisions Regarding Liability of Issuer Trustee**

The Issuer Trustee has entered into this Agreement in its capacity as trustee of the Funding Vehicle. Any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein and therein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Assets of the Funding Vehicle. No Assets of the Issuer Trustee (other than the Assets of the Funding Vehicle), whether owned beneficially by it in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Funding Vehicle or the Issuer Trustee under this Agreement or any of the documents accessory hereto. No recourse may be had or taken, directly or indirectly against the Issuer Trustee in its personal capacity, any beneficiary of the Funding Vehicle or any Affiliate, shareholder, officer, director, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee, with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Funding Vehicle, the Issuer Trustee or agents of the Issuer Trustee under this Agreement and the documents accessory hereto.

17.4 **Successors and Assigns**

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

17.5 **No Novation**

Any security provided by the Borrower shall not constitute a payment, nor shall it operate as a novation of any amount due hereunder and shall not operate by way of set-off of, or merge with, any Indebtedness or liability of the Borrower or of any other Person or Persons to the Funding Vehicle under any deed, guarantee, contract, bill of exchange, promissory note, letter of credit, certificate of deposit or other instrument by which the same may now or at any time hereafter be represented or evidenced.

17.6 **Obligation to Pay Absolute**

The obligations of the Borrower to make payments on the ML Construction Loan as and when in this Agreement provided shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances without any right of compensation or set-off and notwithstanding any defense, right of action or claim of any nature whatsoever which the Borrower may at any time have or have had against the Collateral Agent or the Funding Vehicle, whether in connection with this Agreement or otherwise.

17.7 Rights and Recourses Cumulative

The rights and remedies of the Funding Vehicle and the Collateral Agent under this Agreement shall be cumulative and not exclusive of any right or remedy which the Funding Vehicle would otherwise have and no failure or delay by the Collateral Agent or the Funding Vehicle in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

17.8 Further Assurances

The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

17.9 Execution in Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

[INTENTIONALLY LEFT BLANK]

ML CREDIT AGREEMENT – SIGNATURE PAGE

IN WITNESS WHEREOF the parties have executed this ML Credit Agreement.

THE TORONTO-DOMINION BANK,
as Collateral Agent



By: _____

Name: Michael A. Freeman

Title: Vice President, Loan Syndications-
Agency


By: _____

Name:

Title:

ML CREDIT AGREEMENT – SIGNATURE PAGE

**BNY TRUST COMPANY OF
CANADA**, as Issuer Trustee of
**MARITIME LINK FINANCING
TRUST**, as the Funding Vehicle

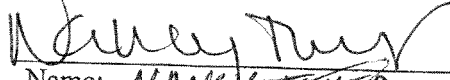
By: _____
Name:  _____
Title: **J. Steven Broude**
Authorized Signatory

By: _____
Name: _____
Title: _____

ML CREDIT AGREEMENT - SIGNATURE PAGE

**NSP MARITIME LINK
INCORPORATED**
as the Borrower

By:



Name: *NANCY TOWER*

Title: *CHIEF EXECUTIVE OFFICER*

By:



Name:

Title: **STEPHEN D. AFTANAS
CORPORATE SECRETARY**

EXHIBIT A

DEFINITIONS

1.1 Definitions

Unless a clear contrary intention appears in the ML Credit Agreement, the capitalized terms used in the ML Credit Agreement shall have the following meanings:

"Account Bank" means The Toronto-Dominion Bank, or such other bank or financial institution as may from time to time be appointed as Collateral Agent in accordance with the terms of the Collateral Agency Agreement;

"Account Bank Branch" means such branch of the Account Bank as may be agreed between the Borrower, the Account Bank and the Collateral Agent from time to time;

"Additional Cost Overrun" has the meaning ascribed to it in paragraph 10.28.2.2 of the ML Credit Agreement;

"Additional Debt" means (i) an operating line of credit up to a maximum principal amount of CDN\$10,000,000 for the Borrower and (ii) other Debt for Borrowed Money to finance by the Borrower realized Cost Variances prior to Commissioning and Sustaining Costs following Commissioning;

"Additional Material Project Documents" means the contracts and agreements listed in Part III of Schedule "B" of the ML Credit Agreement;

"Administration Agreement" means the administration agreement to be entered into among the Funding Vehicle, the Administrator, Canada and the Borrower;

"Administrator" means the Person that will act as administrator to the Funding Vehicle pursuant to the terms of the Administration Agreement;

"Advance" means any amount of money advanced or to be advanced (as the context requires) to the Borrower pursuant to the ML Credit Agreement;

"Affiliate" means, with respect to any Person, any other Person, who directly or indirectly, Controls, is Controlled by or is under direct or indirect common Control with, such Person;

"Agency and Service Agreement" means the Agency and Service Agreement between Nova Scotia Power Incorporated and the Borrower dated January 28, 2013, as may be amended or supplemented from time to time;

"Aggregate Account Balances" means as at the Effective Date of the Final Funding Request, the aggregate amount of the Aggregate Borrower Project Funding Account Balances and the Working Capital Reserve Account;

"Aggregate Borrower Project Funding Account Balances" means, as at any time, (A) during the Construction Period, the aggregate of (i) the balance on deposit at such time in the Borrower Project Funding Account, following the application of paragraphs 8.1.1.2, 8.1.1.3 and 8.1.1.4 of the ML Credit Agreement, including, for greater certainty, any ML Income on Account Balances deriving therefrom, and (ii) the balance on deposit at such time in the Borrower Disbursement Account, following the application of paragraph 8.4.1.2 of the ML Credit Agreement, including, for greater certainty, any ML Income on Account Balances deriving therefrom; or (B) during the Operating Period, the aggregate of (i) the balance on deposit at such time in the Borrower Project Funding Account, following the application of clauses (a) to (i) of paragraph 8.1.2.2 of the ML Credit Agreement, including, for greater certainty, any ML Income on Account Balances deriving therefrom, and (ii) the balance on deposit at such time in the Borrower Disbursement Account, following the application of paragraph 8.4.2.1 of the ML Credit Agreement, including, for greater certainty, any ML Income on Account Balances deriving therefrom;

"AML Legislation" has the meaning ascribed to it in subsection 10.26 of the ML Credit Agreement;

"Annual Cost Overrun Instalment Payment" has the meaning ascribed thereto in paragraph 10.28.2.2 of the ML Credit Agreement;

"Annual Maintenance Plan" means an annual maintenance plan for the Project prepared by the Borrower setting out the O&M Activities to take place in each Operating Year, including required equipment outages and their durations and, where appropriate in accordance with Good Utility Practice, O&M Activities to take place in subsequent Operating Years, and containing such other information as may be required by the Collateral Agent;

"Annual O&M Budget" means the annual budget for O&M Activities related to the Project prepared by the Borrower for an Operating Year based on the Annual Maintenance Plan for such Operating Year and the O&M Budget, and including the type of expenditure, the amount thereof and the schedule for making such expenditure;

"Applicable Interest Rate" means the interest rate per annum payable on each Advance under the ML Construction Loan (which is determined by the applicable interest rates pertaining to each tranche of the ML Construction Loan corresponding to each series of FV Bonds and equal to the applicable FV Bond Interest Rate as set out in the applicable schedule to Exhibit B of this Agreement);

"Applicable Accounting Principles" means GAAP as applied by the Borrower, subject to Applicable Law;

"Applicable Law" means any Law applicable or relating to any specified Person, property, transaction or event or any of such Person's Assets, and any judgment or award of any Governmental Authority in any proceeding or action to which the Person in question is a party or by which such Person or any of its Assets is bound;

"Assets" means the property and assets, whether tangible or intangible, personal or real, of a specified Person and (to the extent the context so admits) also includes its business and operations. Wherever reference is made to the Borrower's Assets, such reference shall include the Project and all rights of the Borrower relative thereto;

"Authorization" means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's Assets or from any Person in connection with any contractual right;

"Available ML Construction Facility" means, as at any time, as determined by the Collateral Agent, the lesser of (i) the difference between the ML Construction Facility then in effect and the ML Construction Loan then outstanding, and (ii) the balance on deposit at such time in the FV Proceeds Account;

"Base Cash Flow" means, for any period, Liquidity Reserves plus ML Project Revenues for such period less all Cash Operating Costs;

"Base Equity Contribution" means the amounts invested from time to time by Emera in the Borrower, directly or through one or more of its Subsidiaries, other than the DSRA Equity Contribution, provided, however, that for all purposes of calculating the DER, following the Available ML Construction Facility being nil and the amounts on deposit in the Working Capital Reserve Account being nil, the amounts deposited into the Cost Overrun Escrow Account shall be deemed to form part of the Base Equity Contribution, but not before;

"Basis of Design" means the basis of design described in Schedule "AA" to the extent it relates to the Project;

"Borrower" means NSP Maritime Link Incorporated and includes any successor thereto;

"Borrower Disbursement Account" has the meaning ascribed thereto in Section 8.4 of the ML Credit Agreement;

"Borrower Distribution Reserve Account" has the meaning ascribed thereto in Section 8.5 of the ML Credit Agreement;

"Borrower Insurance Reserve Account" has the meaning ascribed thereto in Section 8.6 of the ML Credit Agreement;

"Borrower Project Accounts" refers collectively to the Borrower Project Funding Account, the DSRA, the Borrower Disbursement Account, the Borrower Distribution Reserve Account, the Borrower Insurance Reserve Account, the Working Capital Reserve Account, the Sinking Fund Account, the Cost Overrun Escrow Account and the Liquidity Reserve Account;

"Borrower Project Funding Account" has the meaning ascribed thereto in Section 8.1 of the ML Credit Agreement;

"Borrower's Counsel" means Osler, Hoskin & Harcourt LLP and Cox & Palmer and each additional or replacement firm of solicitors of recognized national standing as the Borrower may select from time to time;

"Borrower's Real Property Counsel" means Cox & Palmer LLP and each additional or replacement firm of solicitors of recognized national standing as the Borrower may select from time to time;

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in NS or the Province of Ontario or any other day on which banking institutions in Halifax, NS or Toronto, Ontario are not open for the transaction of business;

"Canada" means Her Majesty the Queen in Right of Canada;

"Canada Project Costs and Expenses" means the reasonable costs and expenses (including all reasonable costs and expenses incurred by Canada under any enforcement proceeding instituted pursuant to any of the Funding Transaction Documents or the ML Project Finance Documents) due and payable, as well as any indemnity obligations due and payable by Canada to the Collateral Agent pursuant to the Collateral Agency Agreement or by the Funding Vehicle to Canada pursuant to the Funding Transaction Documents, other than with respect to the reimbursement obligations of the Funding Vehicle set forth in Section 3.01(a) of the GAA;

"Canadian Dollars" or **"CDN\$"** means the lawful currency of Canada;

"Capital Lease" means, with respect to any Person, any lease or other arrangement relating to property or assets which, in accordance with Applicable Accounting Principles, would be accounted for as a capital lease obligation on a balance sheet of such Person. The amount of any Capital Lease at any date shall be the amount of the obligation in respect thereof which would be included within such balance sheet;

"Capital Stock" means common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, equity preferred or common interests in a limited liability company, limited or general partnership interests in a partnership or any other equivalent such ownership interest;

"Cash Operating Costs" means, for any period, all cash costs of the Borrower relating to the operation of the Project during such period including any Taxes, insurance premiums, management and service fees, professional fees and expenses but excluding Total Debt Service paid during such period;

"CAST Lease" means the lease agreement to be entered into in connection with the Cabot Strait among Canada, NL Crown, NS Crown and the Borrower, as lessee;

"Change in Law" means (i) the adoption or the coming into force of any Law, directive, guideline (whether or not having the force of law) or the interpretation or the administration thereof by a court or a Governmental Authority or other authority charged with such interpretation or administration, (ii) any change in any Law, directive or guideline whether or not having the force of law, or in the interpretation or administration thereof by any court or Governmental Authority or other authority charged with the interpretation or administration thereof, (iii) any reversal by any court or Governmental Authority or other authority of an interpretation of any Law, directive or guideline whether or not having the force of Law or (iv) any change in Applicable Accounting Principles or any requirement, guideline, directive, interpretation or administrative position with respect to Applicable Accounting Principles, in each case, which becomes effective after the Closing Date;

"Change Order" means any modification to (i) the scope of work or the contract price pursuant to any Material Project Document and/or (ii) the schedule to perform work or deliver products or equipment under any Material Project Document;

"Clean-Up" means the remediation, containment, removal, treatment, elimination or disposal of any Hazardous Material;

"Closing Date" means the date that the ML Initial Conditions Precedent are met to the satisfaction of the Collateral Agent or waived by it;

"Collateral Agency Agreement" means the collateral agency agreement dated the date hereof entered into among the Collateral Agent, the Issuer Trustee, and the GAA Finance Parties;

"Collateral Agent" means The Toronto-Dominion Bank, in its capacity as collateral agent for the GAA Finance Parties pursuant to the Collateral Agency Agreement, and includes any successor thereof in such capacity;

"Collateral Agent's Counsel" means McCarthy Tétrault LLP;

"Commissioning" means the commissioning deemed to have occurred upon the issuance by the Collateral Agent of the Commissioning Confirmation;

"Commissioning Certificate" means a certificate, substantially in the form of the one attached as Schedule "L" to the ML Credit Agreement, executed by a Responsible Officer of the Borrower in his capacity as an officer of the Borrower and without personal liability, addressed to the Collateral Agent and the Independent Engineer, in form and substance satisfactory to the Collateral Agent, attesting:

- (i) the realized Cost Variances, if any;
- (ii) the Punch List Costs and Demobilization Costs;
- (iii) that the static and dynamic commissioning inspections and tests have been achieved in accordance with the approved commissioning procedures and that the Project has been constructed and mechanically completed in all material respects, in accordance with the Project Plans and Good Utility Practice, save for any Punch List Items and Demobilization List Items;
- (iv) that all Commissioning Tests, interconnection and reliability tests necessary to demonstrate that the Project meets the specifications and the operating objectives for the Project pursuant to the Project Plans and the Basis of Design have been successfully completed save for any Punch List Items and Demobilization List Items; and
- (v) that he has no reason to believe that, assuming the proper operation and maintenance of the plant and related equipment and devices forming part of the Project, it will not be able to maintain such required specifications

and operating objectives for a period of at least forty (40) years following the Closing Date;

and shall be accompanied with all such supporting documentation and information as will permit the Collateral Agent and the Independent Engineer, in their judgment, to verify the information and calculations given and made in such certificate;

"Commissioning Confirmation" means the confirmation to be issued by the Collateral Agent pursuant to Section 7.6 of the ML Credit Agreement, and which shall be in the form attached in Schedule "M";

"Commissioning Date" means the date and time specified on the Commissioning Confirmation, as the date the Conditions Precedent to Commissioning are met to the satisfaction of the Collateral Agent or waived by it;

"Commissioning Tests" means the successful completion of the specified static and dynamic commissioning tests set out in the System Completion Plan, which will be prepared in accordance with Schedule DD, and inspections in accordance with the approved commissioning procedures, also set out in the System Completion Plan, and Performance Testing, in order to demonstrate that the Project is able to meet the requirements of the Basis of Design;

"Completion Guarantee" means the Completion Guarantee by Emera in favour of Canada dated as of November 29, 2013;

"Conditions Precedent to Commissioning" has the meaning ascribed thereto in Section 7.6 of the ML Credit Agreement;

"Consolidated Transaction Documents" refers collectively to the Funding Transaction Documents, the ML Project Finance Documents and the Administration Agreement;

"Construction Period" means the period commencing on the Closing Date and terminating on the earlier of:

- (i) the day immediately preceding the Commissioning Date;
- (ii) the date that the ML Construction Facility is terminated and cancelled in its entirety under the provisions of Section 14.2 of the ML Credit Agreement; and
- (iii) the date of any other cancellation of the ML Construction Facility in its entirety;

"Construction Report" has the meaning ascribed thereto in Section 11.3 of the ML Credit Agreement;

"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 Capital Stock, 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 or Controls the 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 a correlative meaning);

"**Cost to Complete**" means, as at any date, the estimate of the Hard Costs and Soft Costs which will be required to be incurred to attain Commissioning by the Date Certain (including the Punch List Costs and the Demobilization Costs), it being understood that the Project Costs incurred on or prior to such date, and whether already financed or requested to be financed pursuant to any Funding Request or the Final Funding Request, shall not form part of the Cost to Complete;

"**Cost Overruns**" means in respect of the Project, on any date, an amount equal to: (A) the aggregate remaining project costs to achieve completion of the Project including (i) the remaining costs and payment obligations payable pursuant to the contracted items of the Project Budget including the cost of work completed but not yet paid for, *plus* (ii) any amounts set out in the Project Budget for non-contracted items of the Project Budget, *plus* (iii) all other remaining project costs including owners costs (included in the Project Budget but not covered by contract costs) and (iv) any appropriate contingencies and adjustments to such contingencies and escalation amounts and reasonably expected savings payable pursuant to the contracted items and non-contracted items of the Project Budget all as determined by the Borrower and as reviewed by the Independent Engineer as being reasonable, *plus* (iv) finance costs estimated to be payable to the Commissioning Date in excess of the amount specified for that item in the Project Budget *less* (B) (i) total project costs in the Project Budget less cumulative Project Costs incurred to date by the Project *plus* (ii) any cash deposits contained in the Cost Overrun Escrow Account;

"**Cost Overruns Certificate**" has the meaning ascribed thereto in Section 10.28 of the ML Credit Agreement;

"**Cost Overrun Escrow Account**" has the meaning ascribed thereto in Section 8.8 of the ML Credit Agreement;

"**Cost Variances**" means, with regard to any particular construction phase or component of construction and start-up of the Project, the amount by which costs in respect of such construction phase or component is expected to exceed amounts allocated thereto in the Project Budget;

"**Current ML Assets and Rights**" means such of the ML Assets and Rights that are in existence on the Closing Date;

"**Date Certain**" means the "COD Milestone Date" as defined in and as may be amended in accordance with the terms of the Completion Guarantee;

"**DBRS**" means DBRS Limited and its successors;

"Debt for Borrowed Money" means, with respect to any Person, without duplication, such Person's:

- (i) obligations for borrowed money;
- (ii) obligations under letters of credit or letters of guarantee or obligations to financial institutions who issued such letters of credit or letters of guarantee for the account of such Person;
- (iii) obligations under banker's acceptances, depository bills or depository notes (as these latter two expressions are defined in the *Depository Bills and Notes Act* (Canada));
- (iv) Purchase Money Obligations;
- (v) obligations evidenced by bonds, debentures or promissory notes;
- (vi) redeemable shares of its Capital Stock which are either redeemable at the option of the holder thereof, are redeemable at a fixed date or are redeemable during fixed intervals. The amount of Debt for Borrowed Money of any such Capital Stock shall be the maximum fixed redemption or repurchase price therefor; and
- (vii) the mark to market exposure of such Person under Derivative Instruments;

"Debt Rateable Share" means:

- (i) prior to the date on which DER first becomes equal to 70%, 100%; and
- (ii) following the date on which DER first becomes equal to 70%:
 - (A) at all times prior to the ML Construction Facility being fully disbursed, with respect to any Project Costs that are to be funded at any particular time, and in relation to which an Advance is to be made or, as the case may be, Additional Debt is to be incurred as permitted pursuant to the terms of the ML Project Finance Documents, the percentage equal to the lesser of:
 - (1) 100%; and
 - (2) (a) 70%, plus (b) the difference, if any, between 70% and the DER at the date of calculation (without taking into account such Advance or Additional Debt, as the case may be, in the calculation of DER); and

unless, as a result of the calculations in part (A) of this definition, the Borrower is unable to fund such Debt Rateable Share in its

entirety by reason of (a) the Available ML Construction Facility being exhausted further to the Advance requested to fund such Debt Rateable Share and (b) the Borrower not proposing to incur Additional Debt in an amount sufficient to fund the remaining portion of such Debt Rateable Share (the "**Debt Funding Deficiency**"), in which case the percentage calculated above shall be reduced by a percentage equal to (x) the Debt Funding Deficiency, divided by (y) such Project Costs, minus the portion of the Aggregate Borrower Project Funding Account Balances and the Working Capital Reserve Account Balance used to fund such Project Costs, and multiplied by (z) 100;

(B) at all times thereafter, with respect to any Project Costs that are to be funded at any particular time, and in relation to which Additional Debt is to be incurred as permitted pursuant to the terms of the ML Project Finance Documents, the percentage equal to the lesser of:

(I) the lesser of:

(1) 100%; and

(2) (a) 70%, plus (b) the difference, if any, between 70% and the DER at the date of calculation (without taking into account such Additional Debt in the calculation of DER); and

(II) the percentage resulting from the following calculation:

$$\frac{\text{the amount of Additional Debt proposed to be incurred to fund such Project Costs}}{\text{such Project Costs}} \times 100 ;$$

"**Deemed Principal Repayments**" means, with respect to any Additional Debt of the Borrower that, by its terms, is repayable in its entirety only at maturity, the amount of the deemed principal repayments calculated as a level dollar principal amortization over the term of such Additional Debt and fully amortizing the principal amount thereof with annual instalments, and shall apply to and be deemed to be required to be made by the Borrower;

"**Demobilization Costs**" means the costs required to complete work on all Demobilization List Items;

"**Demobilization List Items**" has the meaning ascribed to it in Section 10.20 of the ML Credit Agreement;

"**Demobilization Work**" means the work, including incomplete or outstanding any Performance Testing, associated with the dismantling of facilities and associated environmental remedial work, disposal and disposition of tools, machinery, equipment

and materials, removal of temporary systems, demobilization of personnel, close out of leases, payments of fees, licences, legal fees, close-out teams and offices, computers, support systems and personnel, information systems and information technology, performance testing personnel and equipment, final documentation close-out and transfer to operations.

"DER" means:

- (i) in connection with the incurrence test for Additional Debt contemplated in subsection 12.2.5 of the ML Credit Agreement, (a) the sum of the principal amount of the ML Construction Loan, the principal amount of all outstanding Additional Debt and the principal amount of all the Additional Debt proposed to be incurred, less the amount of the balance on deposit in the Sinking Fund Account, divided by (b) the sum of the total under clause (i)(a) of this definition plus (i) the aggregate amount of the Base Equity Contribution, (ii) retained earnings pursuant to Applicable Accounting Principles and (iii) any equity proposed to be invested concurrently with the incurrence of the proposed Additional Debt, expressed as a percentage;
- (ii) for all other purposes, (a) the sum of the principal amount of the ML Construction Loan and the principal amount of all outstanding Additional Debt, less the amount of the balance on deposit in the Sinking Fund Account, divided by (b) the sum of the total under clause (ii)(a) of this definition plus (i) the aggregate amount of the Base Equity Contribution and (ii) retained earnings pursuant to Applicable Accounting Principles, expressed as a percentage;

"Derivative Instruments" means any "Swap Transaction" as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. and/or any agreement evidencing such transaction;

"Development Agreement" means the Maritime Link – Joint Development Agreement between Emera and Nalcor dated as of July 31, 2012, as may be amended or supplemented from time to time;

"Distribution Certificate" means the certificate to be issued by the Borrower pursuant to Section 11.4 of the ML Credit Agreement, and which shall be in the form attached in Schedule "N";

"Distribution Conditions" means, as at any proposed Distribution Date, the following:

- (i) the ML Compliance Certificate delivered pursuant to Section 11.1 or 11.2 of the ML Credit Agreement on or immediately prior to such Distribution Date shall demonstrate, to the satisfaction of the Collateral Agent, that the Borrower achieved a Retrospective DSCR and a Prospective DSCR of at least 1.20:1;

- (ii) the DSRA is funded with an amount equal to the Minimum DSRA Requirement as at such Distribution Date; and
- (iii) no ML Event of Default then exists;

"Distribution Date" means a Business Day after the sixth (6th) month following the first day of the Operating Period which can occur (i) no more frequently than once per quarter, (ii) no earlier than five (5) Business Days following the delivery to the Collateral Agent of a Distribution Certificate and (iii) in any particular month, only after the date on which the Collateral Agent is scheduled to receive payment of all amounts due and payable by the Borrower in respect of the ML Construction Loan during such month, including Sinking Fund Payments;

"Distribution Funds" means the amount, determined on a Distribution Date, of (i) cash in the Borrower Project Funding Account after application of all amounts in the Borrower Project Funding Account pursuant to paragraphs (a) to (i) of clause 8.1.2.2 of the ML Credit Agreement and (ii) cash in the Borrower Distribution Reserve Account;

"Distributions" with respect to any Person, means:

- (i) the payment or declaration of any dividend or the making of any distribution of any kind or character (whether in cash or property, but expressly excluding any such distribution by way of the payment of dividends by the issuance of Capital Stock of such Person) in respect of any class of the Capital Stock of such Person or to the holders of any class of its Capital Stock;
- (ii) the purchase, redemption or other acquisition or retirement for value of any of its Capital Stock or of any options, warrants or rights to purchase or acquire shares of its Capital Stock;
- (iii) the payment of management fees, commission fees, guarantee fees and other fees or amounts to any holder of Capital Stock of such Person other than in accordance with or pursuant to the provisions of the Material Project Documents; and
- (iv) the setting aside of any funds for any of the foregoing purposes;

"DSCR" is the collective reference to Retrospective DSCR and Prospective DSCR;

"DSCR Consultation Period" has the meaning ascribed to it in Section 10.25 of the ML Credit Agreement;

"DSRA" has the meaning ascribed to it in Section 8.3 of the ML Credit Agreement;

"DSRA Drawdown" means the single ML Drawdown under the ML Construction Facility to be made pursuant to the provisions of Section 7.4 of the ML Credit

Agreement, in an amount set out in the Funding Request or Final Funding Request, as the case may be, the whole subject to the Available ML Construction Facility at such time;

"DSRA Equity Contribution" means the amount invested by Emera in the Borrower, directly or through one or more of its Subsidiaries that is applied to the funding of the Equity Rateable Share of the Minimum DSRA Requirement in accordance with the terms of the ML Credit Agreement;

"Easements" means all easements, rights-of-way, rights in the nature of easements, rights of ownership, rights of first refusal or otherwise to acquire same, necessary for the development, maintenance or operation of the Project;

"Effective Date" means the date as of which financial information relating to the Project is being provided, it being understood that with respect to:

- (i) any Funding Request or the Final Funding Request, such date shall be the day immediately preceding the date of such Funding Request or Final Funding Request; and
- (ii) any Construction Report, such date shall be:
 - (a) with respect to the first Construction Report, **(A)** where the twentieth (20th) day of the month preceding the month during which such Construction Report is delivered is a Business Day, the Business Day immediately following the twentieth (20th) day of such month, and **(B)** where the twentieth (20th) day of the month preceding the month during which such Construction Report is delivered is not a Business Day, the second Business Day immediately following the twentieth (20th) day of such month, and
 - (b) with respect to every Construction Report thereafter, the first Business Day immediately following the date of delivery of the preceding Construction Report;

"Eligible Project Costs" means, as at any Effective Date, as determined by the Collateral Agent in consultation with the Borrower, the aggregate amount required by the Borrower to pay for Project Costs incurred to and invoiced by such date or, as supported by supporting documentation for the relevant Funding Request or the Final Funding Request in the form attached as Schedule "CC" of the ML Credit Agreement, expected to be incurred to and invoiced by the relevant ML Drawdown Date with respect to work done and goods delivered prior to such dates or with respect to deposits on contracts and in each case with respect to which no previous Funding Request has been issued;

"Emera" means Emera Incorporated, a corporation incorporated pursuant to the laws of the Province of NS, and includes its successors;

"Enforcement Event" means:

(i) each one of the ML Events of Default set forth below:

1. an ML Event of Default under Section 13.6 of the ML Credit Agreement resulting from an Insolvency Event other than an Insolvency Event under clause (v) of the definition of "Insolvency Event";
2. an ML Event of Default under Section 13.7 of the ML Credit Agreement;
3. an ML Event of Default under Section 13.8 of the ML Credit Agreement;
4. an ML Event of Default under Section 13.9 of the ML Credit Agreement;
5. an ML Event of Default under Section 13.11 of the ML Credit Agreement;
6. an ML Event of Default under Section 13.14 of the ML Credit Agreement, but only to the extent that it relates to the Development Agreement and the Agency and Service Agreement;
7. an ML Event of Default under Section 13.17; or

(ii) an ML Event of Default other than an ML Event of Default described in clause (i) above, but, in the case of clause (ii), only to the extent that the Remedies Consultation Period relating to such ML Event of Default has expired and such ML Event of Default continues following such expiry of the Remedies Consultation Period;

"Enforcement Proceeding", with respect to any Person, refers to:

- (i) any right granted to such Person against another Person or the Assets of such other Person as a result of such first Person holding, directly or beneficially, Liens on the Assets of such other Person including: **(a)** the right to require the surrender of the Assets subject to such Liens; **(b)** the right to exercise any power of sale over or to foreclose on the Assets subject to such Liens; **(c)** the right to appoint a receiver for such Person or its Assets; **(d)** the right to withdraw any authorization to collect accounts subject to such Liens; **(e)** the right to vote any Capital Stock subject to such Liens or to withdraw any power of attorney to vote any such Capital Stock; and **(f)** the right to take possession, administer, sell or lease any of the Assets subject to such Liens;
- (ii) the right to seize or request the seizure of the Assets of any other Person; and
- (iii) the right to institute or prosecute any judicial proceeding seeking injunctive relief, the appointment of a receiver, the sale of any Assets or for foreclosure;

"Environmental Law" means, with respect to any Person, any Applicable Law relating to the environment and to such Person or any of its Assets;

"Environmental Losses" has the meaning ascribed to it in Section 15.3 of the ML Credit Agreement;

"Equity Rateable Share" means at all times, with respect to any Project Costs that are to be funded at any particular time, the difference between 100% and the Debt Rateable Share applicable with respect to such Project Costs;

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

"Expropriation Event" means any compulsory transfer or taking by condemnation, expropriation, eminent domain or exercise of a similar power, or transfer under threat of such compulsory transfer or taking, of any part of the Assets of a Person by any Governmental Authority;

"Final Eligible Project Costs" means the Eligible Project Costs remaining unpaid as at the Effective Date of the Final Funding Request, other than the Punch List Costs, the Demobilization Costs and the Minimum DSRA Requirement;

"Final Funding Rateable Share" means, in respect of the funding of each of the DSRA and the Final Eligible Project Costs on the Commissioning Date, the rateable share of the aggregate amount of Funding Requirements requested pursuant to the Final Funding Request attributable to such funding;

"Final Funding Request" means a request, substantially in the form of Schedule "O-1" of the ML Credit Agreement, addressed by the Borrower to the Collateral Agent and the Independent Engineer, specifying:

- (i) the Final Eligible Project Cost plus any applicable Sales Taxes;
- (ii) [Reserved];
- (iii) [Reserved];
- (iv) that no ML Event of Default has occurred and is continuing;
- (v) for purposes of funding the Funding Requirements necessary in connection with the funding of the Final Eligible Project Costs on the Commissioning Date, the Final Funding Rateable Share of the Aggregate Account Balances attributable to such funding of the Final Eligible Project Costs;
- (vi) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to the Minimum DSRA Requirement on the Commissioning Date, the Final Funding Rateable Share of the Aggregate Account Balances attributable to such funding of the DSRA;
- (vii) [Reserved];

- (viii) [Reserved];
- (ix) for purposes of funding the Funding Requirements necessary in connection with the funding of the Final Eligible Project Costs on the Commissioning Date, the Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Final Eligible Project Costs on the Commissioning Date and the portion of the Aggregate Account Balances calculated in paragraph (v) of this definition;
- (x) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to the Minimum DSRA Requirement on the Commissioning Date, the Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the DSRA on the Commissioning Date and the portion of the Aggregate Account Balances calculated in paragraph (vi) of this definition;
- (xi) [Reserved];
- (xii) [Reserved];
- (xiii) for purposes of funding the Funding Requirements necessary in connection with the funding of the Final Eligible Project Costs on the Commissioning Date, the aggregate amount requested to be Advanced under the ML Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Final Eligible Project Costs on the Commissioning Date and the portion of the Aggregate Account Balances calculated in paragraph (v) of this definition, provided, however, that if the result of such calculation is negative, such amount shall be deemed to be nil;
- (xiv) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to the Minimum DSRA Requirement on the Commissioning Date, the aggregate amount requested to be Advanced under the ML Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the DSRA on the Commissioning Date and the portion of the Aggregate Account Balances calculated in paragraph (vi) of this definition, provided, however, that if the result of such calculation is negative, such amount shall be deemed to be nil;
- (xv) [Reserved];
- (xvi) [Reserved.];

- (xvii) for purposes of the prefunding of the Sinking Fund Account pursuant to Section 2.9 of the ML Credit Agreement, the Aggregate Account Balances, minus the amounts thereof applied as per the foregoing paragraphs of this definition;
- (xviii) a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Funding Request provided during the prior month;
- (xix) Soft Costs incurred as at the Effective Date of the Construction Report delivered in the same month as the Final Funding Request by major expense category and compared as against the original Project Budget;

"Financial Statements" means, with respect to any Person, for any period, all prepared in accordance with Applicable Accounting Principles, the balance sheet of such Person as at the end of such period and the related statements of income, retained earnings, shareholders' or partners' equity and cash flows for such period, setting forth in each case, in comparative form, the figures for the corresponding period of the previous fiscal quarter or for the previous fiscal year, as the case may be;

"First ML Drawdown Conditions Precedent" has the meaning ascribed thereto in Section 7.2 to the ML Credit Agreement;

"Fiscal Agent" means the Indenture Trustee, the depositaries of the FV Funds or FV Accounts required under the MTI or any sub-account thereof, any Paying Agent, or any or all of them as the context may require;

"Force Majeure" has the meaning ascribed thereto in the Development Agreement;

"Fund" means any fund, reserve fund or account required to be established pursuant to the MTI;

"Funding Request" means a request, substantially in the form of Schedule "P" of the ML Credit Agreement, addressed by the Borrower to the Collateral Agent and the Independent Engineer, specifying:

- (i) the amount of Eligible Project Costs, plus any applicable Sales Taxes, remaining unpaid as at the Effective Date thereof;
- (ii) the Permitted Investments made with the funds in the Borrower Project Accounts;
- (iii) that no ML Event of Default has occurred and is continuing;
- (iv) for purposes of funding the Funding Requirements, the Aggregate Borrower Project Funding Account Balances as at the Effective Date;

- (v) for purposes of funding the Funding Requirements, the Equity Rateable Share of the difference between the Funding Requirements and the Aggregate Borrower Project Funding Account Balances as at the Effective Date, including the amount of any DSRA Equity Contribution required to meet the Minimum DSRA Requirement as at then most recent Minimum DSRA Requirement Fixing Date;
- (vi) for purposes of funding the Funding Requirements, the aggregate amount requested to be Advanced under the ML Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements and the Aggregate Borrower Project Funding Account Balances as at the Effective Date, including the Debt Rateable Share of any additional amounts into the DSRA required to meet the Minimum DSRA Requirement as at then most recent Minimum DSRA Requirement Fixing Date;
- (vii) a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Funding Request provided during the prior month;
- (viii) Soft Costs incurred as at the Effective Date of the Construction Report delivered in the same month as the relevant Funding Request by major expense category and compared as against the original Project Budget; and
- (ix) for purposes of funding the Working Capital Reserve Account, an amount requested to be Advanced under the ML Construction Facility which amount shall not to exceed the difference between the Maximum WCR Amount and the amount on deposit in the Working Capital Reserve Account at the Effective Date of the Funding Request provided, however, that where the conditions precedent set forth in Section 7.8 of the ML Credit Agreement apply to the relevant ML Drawdown, no amount shall permitted to be Advanced in respect of the Working Capital Reserve Account;

"Funding Requirements" means, as at any date, as determined by the Collateral Agent, the total Eligible Project Costs, plus any applicable Sales Taxes, and any additional amounts to be funded into the DSRA to meet the Minimum DSRA Requirement as at then most recent Minimum DSRA Requirement Fixing Date, as at the Effective Date of the Funding Request, Final Funding Request or Post-Commissioning Funding Request, as the case may be;

"Funding Transaction Documents" means the agreements entered into from time to time with respect to such portion of the FV Trust Activities as pertains to the borrowings to be made by or for the benefit of the Funding Vehicle for purposes of onlending to the Borrower pursuant to the ML Project Finance Documents, including the MTI, the FV Bonds, any other loan and debt documents and any security documents executed by the Funding Vehicle in order to secure its obligations under the foregoing;

"Funding Vehicle" or **"ML FV"** means the Maritime Link Financing Trust, a trust formed under the Laws of NS pursuant to the FV Declaration of Trust;

"Funding Vehicle Project Costs and Expenses" means costs and expenses due and payable by the Funding Vehicle to its advisors in connection with the Funding Transaction Documents, including the Independent Engineer and legal advisors including all reasonable costs and expenses incurred by the Funding Vehicle under any Enforcement Proceedings instituted pursuant to any of the Funding Transaction Documents;

"Future ML Assets and Rights" means such of the ML Assets and Rights that will be acquired by the Borrower following the Closing Date as and when required in order to proceed with construction of the Project in accordance with the Project Schedule, and includes the CAST Lease;

"FV Blocked Account Agreement" means the blocked account agreement to be entered into among the Account Bank, the Funding Vehicle, as debtor, and the Collateral Agent;

"FV Bond" means any evidence of indebtedness of the Funding Vehicle authenticated and delivered by the Indenture Trustee under and pursuant to the MTI and each Supplemental Indenture, whether such evidence of indebtedness is a FV Obligation Bond or a FV Pledge Bond thereunder;

"FV Bond Acceleration Date" means the date on which the FV Bonds are called for payment as a result of the FV Bonds being accelerated pursuant to the MTI and the Supplemental Indentures;

"FV Bond Interest Rate" means: (i) with respect to each series of FV Obligation Bonds, the interest rate per annum applicable to such series of FV Obligation Bonds pursuant to the MTI and relevant Supplemental Indenture as and when issued for the applicable period and (ii) with respect to each series of FV Pledge Bonds, the interest rate per annum payable by the Funding Vehicle in connection with the underlying Indebtedness secured by such series of FV Pledge Bonds;

"FV Bond Make-Whole Amount" means the aggregate make-whole amount or premium that would be payable by the Funding Vehicle on the FV Bond Redemption Date or the FV Bond Acceleration Date, as the case may be, pursuant to the MTI and the Supplemental Indentures in respect of the FV Bonds being all redeemed or accelerated at such time prior to their stated maturity;

"FV Bond Maturity Date" means the maturity date of the applicable FV Bond pursuant to the MTI and the relevant Supplemental Indenture;

"FV Bond Redemption Date" means, with respect to any FV Bond, the applicable redemption date under the MTI and the relevant Supplemental Indenture;

"FV Credit Facility" means a credit facility between the Funding Vehicle and one or more lenders established pursuant to the terms of the Funding Transaction Documents;

"FV Debt" means, at any given time, the total indebtedness of the Funding Vehicle in respect of all FV Bonds issued under and pursuant to the MTI and each Supplemental Indenture;

"FV Declaration of Trust" means the declaration of trust dated as of the date hereof made by BNY Trust Company of Canada, as Issuer Trustee for the Funding Vehicle as amended, supplemented, restated or otherwise changed from time to time;

"FV Obligation Bond" means a FV Bond issued as direct evidence of the Indebtedness of the Funding Vehicle to the holder thereof;

"FV Payment" means any payment of principal, interest, fees or other amounts payable by the Funding Vehicle on a FV Bond, in accordance with its terms and the terms of the applicable Supplemental Indenture, or under any other Funding Transaction Document;

"FV Payment Account" means account of the Funding Vehicle maintained at the Account Bank Branch for purposes of receiving payment from the Borrower under the ML Credit Agreement;

"FV Payment Date" means one (1) Business Day prior to any date on which a FV Payment is payable by the Funding Vehicle;

"FV Pledge" means, in respect of a FV Bond, a pledge, deposit or delivery of such FV Bond or other agreement between the Funding Vehicle and a FV Bondholder in respect of such FV Bond, in each case made in accordance with Section 4.1 of the MTI;

"FV Pledge Bond" means a FV Bond which is subject to a FV Pledge;

"FV Proceeds Account" means account of the Funding Vehicle maintained at the Account Bank Branch for purposes of receiving the proceeds of all FV Bonds issued by it;

"FV Trust Activities" means the activities of the Funding Vehicle permitted under the FV Declaration of Trust;

"GAA" means the guarantee assurance agreement dated as of the date hereof and entered into among, *inter alios*, Canada, the Collateral Agent, the Funding Vehicle, and the Borrower;

"GAA Finance Parties" means (i) in reference to the ML Project Finance Documents, the Funding Vehicle, in its capacity as lender under the ML Project Finance Documents, and Canada in accordance with the provisions of the GAA, and (ii) in reference to the Funding Transaction Documents, Canada in accordance with the GAA;

"GAA Security Documents" means the security documents executed by the Funding Vehicle pursuant to the terms of the GAA;

"**GAAP**" means (i) generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants or any successor institution, as of the date on which such calculation, position or determination is made, taken or required to be made or taken in accordance with such accounting principles, or (ii) accounting principles which are recognized as being generally accepted and which are in effect from time to time in the United States, as codified by the Financial Accounting Standards Board or any successor institution, as of the date on which such calculation, position or determination is made, taken or required to be made or taken in accordance with such accounting principles;

"**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;

"**Governmental Authority**" means, in relation to any Person, property, transaction or event, any (i) federal, provincial, state, territorial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), (ii) 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, (iii) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, (iv) private regulatory entity, self-regulatory organization or other similar Person, or (v) 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;

"**Hard Costs**" means all of the project management, design, procurement, construction, acquisition and other similar costs identified in the Project Budget, including, without duplication:

- (i) the cost of designing, equipping, procuring, constructing, Commissioning, starting up and testing the Project;
- (ii) the cost of acquiring any of the ML Assets and Rights;
- (iii) real and personal property taxes (but excluding recoverable ad valorem taxes and Sales Taxes) and insurance premiums payable with respect to the Project during the Construction Period;
- (iv) initial working capital requirements of the Project as set forth in the Project Budget;
- (v) the costs of acquiring Authorizations for the Project;
- (vi) the cost of establishing a spare parts inventory specifically for execution of the Project;
- (vii) amounts spent out of the contingency allowances set forth in the Project Budget;
- (viii) all amounts payable under Material Project Documents relating to the construction of the Project, as well as any other agreements with any other contractors supplying goods or services to the Project;
- (ix) the cost of funding the Demobilization Costs;

"Hazardous Material" means any contaminant, pollutant, toxic substances, hazardous material, residual material, waste, dangerous goods, hazardous substances or other similar terms as such terms are defined in any Environmental Law;

"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);

"IE Contract" means the agreement for independent engineering services dated as of December 2, 2013 between the Borrower and the Independent Engineer;

"Indebtedness" means, without duplication, for any Person:

- (i) obligations representing the deferred purchase price of property or services;
- (ii) obligations, whether or not assumed, secured by Liens on, or payable out of the proceeds or production from, property owned by such Person;
- (iii) Debt for Borrowed Money of such Person; and
- (iv) any obligation described above, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or

otherwise, to be secured by) any Lien upon or in any Assets of such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness;

"Indemnified Parties" means the Collateral Agent, the GAA Finance Parties, each of their Affiliates as well as their respective directors, officers, employees, advisors, representatives and agents;

"Indenture Trustee" means Computershare Trust Company of Canada, a trust company, and includes any successor thereto;

"Independent Engineer" means MWH Canada Inc and any successor thereof and any other engineering consultants appointed from time to time for the Project, with the consent of the Borrower by the Collateral Agent or any other Person from time to time to advise the GAA Finance Parties in replacement thereof, it being understood that only one engineering consultant or firm can occupy this role at any one time;

"Independent Engineer's Confirmation" means a certificate from the Independent Engineer substantially in the form of the one attached as Schedule "Q" of the ML Credit Agreement, addressed to the Collateral Agent in connection with any Construction Report and/or Funding Request or Final Funding Request;

"Initial Cost Overrun Instalment Payment" has the meaning ascribed thereto in paragraph 10.28.2.1 of the ML Credit Agreement;

"Initial Material Project Documents" means the contracts, agreements and Authorizations described or referred to in Part II of Schedule "B" of the ML Credit Agreement;

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

- (i) an order is made, or an effective resolution passed, for the winding-up, liquidation or dissolution of such Person;
- (ii) such Person voluntarily institutes proceedings for its winding up, liquidation or dissolution, or to authorize or enter into an arrangement under the *Corporations Act* (NL) 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 Person 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 Person in furtherance of any of the foregoing;

- (iii) a court having jurisdiction enters a judgment or order adjudging such Person a bankrupt or an insolvent person, or approving as properly filed an application or motion seeking an arrangement under the *Corporations Act* (NL) 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 Person, 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 Person is sequestered or attached and is not returned to the possession of such Person or released from such attachment within 30 days thereafter;
- (iv) any proceeding or application is commenced respecting such Person 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
- (v) such Person has ceased paying its current obligations in the ordinary course of business as they generally become due;

"Insolvency Law" means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and any plan of arrangement law or any corporations statute permitting a corporation to propose a compromise or an arrangement with respect to creditors or any class of creditors of the corporation or any other like, equivalent or analogous laws of any jurisdiction, domestic or foreign;

"Insolvency Proceeding" refers to any proceeding relating to or arising in connection with or as a result of an Insolvency Event, including:

- (i) an assignment for the benefit of creditors, the filing of an application for a bankruptcy order, a proposal or a notice of intention under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) or any other similar Law of any other jurisdiction;
- (ii) the adjudication of any Person as insolvent or bankrupt;
- (iii) the petition or application to any tribunal for any receiver, trustee, liquidator or sequestrator of any Person or for any portion of such Person's property; or
- (iv) anything analogous or having a substantially similar effect to any of the events specified above happens under the Law of any other applicable jurisdiction;

"Insurance Consultant" means Moore McNeil, LLC;

"Intellectual Property Rights" means the rights of the Borrower in or to the following:

- (i) any and all proprietary rights everywhere in the world provided under (a) patent law, (b) copyright law (including moral rights), (c) trade-mark law, (d) design patent or industrial design law, (e) semi-conductor chip or mask work as integrated circuit topography law, or (f) any other statutory provision or common law principle applicable to this Agreement, including trade secret law, which may provide rights in confidential information of the Borrower, the project data, and in trade-marks, ideas, formulae, algorithms, concepts, inventions, processes, show-how or know-how generally, or the expression or use of the confidential information, the project data, or any such trade-marks, ideas, formulae, algorithms, concepts, inventions, processes, show-how or know-how;
- (ii) any and all applications, registrations, licences, sub-licences, franchises, agreements or any other evidence of a right in any of the foregoing; and
- (iii) all (a) licences and waivers and benefits of waivers or, (b) future income and proceeds from, and (c) rights to damages and profits by reason of the infringement or violation of any of the intellectual property rights set out in Sections (i) and (ii) of this definition;

"Investment" means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business) or contribution of capital to any other Person or any acquisition of Capital Stock, deposit accounts, certificates of deposit, mutual funds, bonds, notes, debentures or other securities of any other Person or any structured notes, and **"Invest"** and **"Invested"** shall have the correlative meaning;

"Issuer Trustee" means BNY Trust Company of Canada, in its capacity as trustee of the Funding Vehicle, and includes any successor thereto in such capacity;

"Key Sites" means that part of the ML Land Area described in Schedule T of the ML Credit Agreement being all of the freehold lands owned or to be owned by the Borrower;

"Knowledge" means in the case of any Person, as applicable, the actual knowledge of any of the executive officers of such Person and **"Know"** and **"Known"** shall have correlative meanings;

"Law" means any international treaty, any domestic or foreign constitution or any federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation or order (including any consent, decree or administrative order) or any directive, guideline, policy or Authorization of any Governmental Authority;

"Letter of Credit" means a letter of credit issued in Canadian Dollars by a Letter of Credit Issuer in favour of the Collateral Agent pursuant to the terms of the ML Credit Agreement which is substantially in the form which has been approved by the Collateral Agent acting in accordance with Requisite Instructions and set out in Schedule "X";

"Letter of Credit Issuer" means a financial institution that is either (a) one of the five largest (by assets) Canadian Schedule I Banks or (b) is a financial institution that has a combined capital and surplus of at least CDN\$1 billion, has a short term debt rating of "A" or better by S&P or "R-1 (low)" or better by DBRS and is regulated by the Office of the Superintendent of Financial Institutions (Canada);

"Lien" means (i) any right of set-off or combination of accounts intended to secure the payment or performance of an obligation, (ii) any interest in property securing an obligation owed to, or a claim by, a Person other than the owner (which for the purposes hereof shall include a possessor under a title retention agreement and a lessee under a Capital Lease), including by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, hire purchase agreement, conditional sale agreement, deposit arrangement, deemed trust, title retention, Capital Lease, discount, factoring or securitization arrangement, deemed trust, on recourse terms, (iii) any preference, priority, adverse claim, levy, execution, seizure, attachment, garnishment or other encumbrance which binds property, and (iv) any agreement to grant any of the foregoing rights or interests;

"Liquidity Reserves" means the total amount of funds on deposit in the Liquidity Reserve Account;

"Liquidity Reserve Account" means the account maintained pursuant Section 8.9 of the ML Credit Agreement;

"Material Adverse Effect" means:

- (i) any material adverse change in the Assets or financial condition, of the Borrower;

- (ii) any material impairment in the ability of the Borrower to fulfill any payment covenant or obligation to the Funding Vehicle and the Collateral Agent under the ML Project Finance Documents or to any Material Project Participant under the Material Project Documents; and
- (iii) any material impairment of the Rights, Recourses and/or Remedies of the Collateral Agent or any of the GAA Finance Parties under the ML Security Documents;

"Material Project Documents" refers collectively to the Initial Material Project Documents and the Additional Material Project Documents;

"Material Project Participants" means (i) the Borrower; and (ii) each other Person party to a Material Project Document or an Additional Material Project Document;

"Maximum WCR Amount" means CDN\$50,000,000;

"Minimum DSRA Requirement", with respect to any Minimum DSRA Requirement Fixing Date, means an amount equal to the total interest payable and the portion of the principal amount of the ML Construction Loan repayable under the ML Construction Facility for the period of six months following such Minimum DSRA Requirement Fixing Date;

"Minimum DSRA Requirement Fixing Date" means the date which is six months following the Closing Date and thereafter, the date which is six months after the previous Minimum DSRA Requirement Fixing Date;

"ML Affected Funds" has the meaning ascribed to it in Section 15.2 of the ML Credit Agreement;

"ML Assets and Rights" means all real and personal property (tangible and intangible), contracts, choses in action and assets and undertakings held by the Borrower in connection with an activity or undertaking involving the Project or any part of it, including the Intellectual Property Rights and ML Real Property Interests;

"ML Compliance Certificate" means a certificate, substantially in the form of the one attached as Schedule "R" of the ML Credit Agreement, signed by a Responsible Officer of the Borrower in his capacity as an officer of the Borrower and without personal liability:

- (i) setting forth the calculations required to establish the Retrospective DSCR and the Prospective DSCR, provided, however, that no such calculations shall be provided in any ML Compliance Certificate delivered during the Construction Period;
- (ii) attesting that all of the terms, covenants and conditions of the ML Credit Agreement and each of the other ML Project Finance Documents to be

performed or complied with by the Borrower at or prior to the date thereof have been performed or complied with;

- (iii) attesting that no ML Event of Default has occurred and is continuing on the date thereof; and
- (iv) attesting that, to the Knowledge of said officer, except as otherwise disclosed to the Collateral Agent in writing, the representations and warranties set forth in Article 9 of the ML Credit Agreement are still true and correct in all material respects as of the date of such certificate (except in the case of representations stated to be as of a specific date) with the same force and effect as if made at and as of such date;

"ML Construction Facility" means the credit facility which the Funding Vehicle has agreed to make available to the Borrower pursuant to the ML Credit Agreement;

"ML Construction Loan" means the aggregate of the Advances under the ML Construction Facility together with any other amount of principal, interest, fees and other amounts and interest on arrears of interest, fees and other amounts, in each case, due and payable by the Borrower in respect of the ML Construction Facility;

"ML Construction Loan Acceleration" means any acceleration of the ML Construction Loan made pursuant to Section 14.2 of the ML Credit Agreement;

"ML Credit Agreement" means the financing agreement dated as of the date hereof entered into among the Borrower, as borrower, the Funding Vehicle, as lender, and the Collateral Agent;

"ML Draw Request" means a notice, substantially in the form of the one attached as Schedule "S" of the ML Credit Agreement, issued by the Borrower to the Collateral Agent in connection with any ML Drawdown requested by the Borrower under the ML Credit Agreement;

"ML Drawdown" means an Advance under the ML Construction Facility;

"ML Drawdown Date" means any day on which a ML Drawdown is made, provided, however, that in the case of each ML Drawdown made pursuant to a Funding Request, Final Funding Request or Post-Commissioning Funding Request, as the case may be;

"ML Due Date" means, with respect to any payment due by the Borrower under any ML Project Finance Document, the date on which such payment is required to be made by the Borrower pursuant to the provisions of that ML Project Finance Document (without taking into account any grace period granted to the Borrower to cure any failure to pay) and, where any amount is payable on demand made by the Collateral Agent, the date that the Collateral Agent makes such a demand;

"ML Event of Default" means any of the events described in Article 13 of the ML Credit Agreement;

"ML Financing Fee" has the meaning ascribed to it in Section 3.2.1 of the ML Credit Agreement;

"ML Income on Account Balances" means, with respect to any Borrower Project Account, any interest or other income earned by the Borrower from investment of any sums on deposit in such Borrower Project Account, including any interest or other income earned on the re-investment of such interest or other income so earned;

"ML Indemnified Parties" means the Collateral Agent, the GAA Finance Parties, each of their Affiliates as well as their respective directors, officers, employees, advisors, representatives and agents;

"ML Initial Conditions Precedent" has the meaning ascribed to such expression in Section 7.1 of the ML Credit Agreement;

"ML Interest Payment Date" means an FV Payment Date, as applicable, or such other payment date agreed to by the Borrower and Collateral Agent;

"ML Land Area" means the land described in Schedule "A" of the ML Credit Agreement in respect of which the Borrower has or will acquire an ML Real Property Interest;

"ML L/C Issuers" means the issuers of letters of credit under the FV Credit Facility;

"ML L/C Fee" means the total charges and fees payable by the Funding Vehicle to the ML L/C Issuer in respect of each letter of credit issued under the ML Letter of Credit Facility;

"ML Letter of Credit Facility" means the credit facility to be made available hereunder to the Borrower by the Funding Vehicle by way of letters of credit issued in Canadian Dollars by the ML L/C Issuer(s);

"ML Loss Event" has the meaning ascribed to it in Section 15.2 of the ML Credit Agreement;

"ML Make-Whole Amount" means, with respect to any ML Voluntary Prepayment or ML Construction Loan Acceleration, as the case may be, occurring: **(i)** at any time during the Construction Period, an amount equal to the FV Bond Make-Whole Amount required to be paid by the Funding Vehicle on the FV Bond Redemption Date or the FV Bond Acceleration Date, as the case may be; and **(ii)** at any time during the Operating Period, an amount equal to the FV Bond Make-Whole Amount required to be paid by the Funding Vehicle on the FV Bond Redemption Date or the FV Bond Acceleration Date, as the case may be;

"ML Payment" means any payment of principal, interest, fees, Sinking Fund Payments or other amounts payable by the Borrower under the ML Credit Agreement;

"ML Project Finance Documents" means the ML Credit Agreement, the ML Security Documents, the Collateral Agency Agreement and each document, instrument or agreement entered into by or between the Funding Vehicle, the Borrower, the Collateral Agent or any other Person in connection with the Funding Vehicle lending funds to the Borrower or which is supplemental to the ML Credit Agreement but expressly excludes the Material Project Documents;

"ML Project Revenues" means revenues collected from Nova Scotia Power Inc under the cost-recovery framework imposed by the Nova Scotia Utility and Review Board;

"ML Real Property Interests" means all interests in land that are held by the Borrower in connection with an activity or undertaking involving the Project or any part of it, including interests over, under or in respect of land that is foreshore and land covered by water, freehold and leasehold interests and easements appurtenant thereto, options and Statutory Easements;

"ML Secured Obligations" refers collectively to all the obligations of the Borrower under the ML Project Finance Documents, including the obligation of the Borrower to repay the ML Construction Loan upon the terms and conditions provided for under the ML Credit Agreement;

"ML Security Documents" is the collective reference to the agreements and documents referred to in Article 6 of the ML Credit Agreement;

"ML Voluntary Prepayment" means any voluntary prepayment of the ML Construction Loan made in accordance with Section 2.7 of the ML Credit Agreement;

"ML Voluntary Prepayment Date" means the date which is two (2) Business Days prior to the FV Bond Redemption Date;

"ML Voluntary Prepayment Notice" means a notice, substantially in the form of the one attached as Schedule "W" of the ML Credit Agreement, issued by the Borrower to the Collateral Agent in connection with any voluntary prepayment of the ML Construction Loan under the ML Credit Agreement;

"Moody's" means Moody's Investors Service, Inc. and its successors;

"MTI" means the master trust indenture to be entered into between the Funding Vehicle and the Indenture Trustee;

"Nalcor" means Nalcor Energy, a body corporate existing pursuant to the *Energy Corporation Act* (NL), in its own right and not as an agent of NL Crown, and includes any successor thereto;

"NL" means the Province of Newfoundland and Labrador;

"NL Crown" means Her Majesty in right of NL;

"Notice" means a communication required or contemplated to be given by any party to any ML Project Finance Document to any of the other parties thereto in accordance with the provisions thereof;

"NS" means the Province of Nova Scotia;

"NS Crown" means Her Majesty in right of NS;

"O&M Activities" means all activities and undertakings performed by or on behalf of the Borrower after the Commissioning Date that are required to operate, maintain and sustain the Project in accordance with Good Utility Practice, including administration and the replacement or overhaul of major components which do not extend the Operating Period and, for greater certainty, includes Sustaining Activities;

"O&M Budget" means the budget prepared by Borrower for the Project setting forth the Operating Costs and Sustaining Costs required to be made for each Operating Year during the Operating Period, including the type of expenditure, the amount thereof and the schedule for making such expenditure;

"Operating Costs" means the costs associated with the performance of the O&M Activities other than Sustaining Costs;

"Operating Period" means the period commencing on the Commissioning Date and terminating on the earlier of:

- (i) the fortieth (40th) anniversary of the Closing Date;
- (ii) the date that the ML Construction Facility is terminated and cancelled in its entirety under the provisions of Section 14.2 of the ML Credit Agreement; and
- (iii) the date of any other cancellation of the ML Construction Facility in its entirety;

"Operating Report" has the meaning ascribed to it in subsection 11.1.3 of the ML Credit Agreement;

"Operating Year" means (a) a calendar year during the Operating Period, except that the first operating year will commence on the Commissioning Date and end on December 31 of the calendar year in which such date occurs, and the last operating year will end on the date of expiry of the Operating Period, or (b) such other 12 month period as may be mutually agreed to in writing by the Borrower and Collateral Agent;

"Organizational Documents" means, with respect to any Person, that Person's articles of incorporation, articles of association or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement, and any and all other similar formative agreement, documents and instruments integral to that Person's existence;

"Other Project Costs" means the Project Costs other than Project Costs comprised of the fees, costs and expenses forming part of the Various Agent Costs and Expenses, the Canada Costs and Expenses and the Funding Vehicle Project Costs;

"Paying Agent" means any bank or trust company or other Person designated as a paying agent for a Series of FV Bonds in any Supplemental Indenture and its successors or permitted assigns, or its successor appointed in the manner provided in the MTI or in such Supplemental Indenture;

"Pension Plan" means any plan, program, arrangement or understanding that provides pension or retirement benefits (whether or not registered under any applicable pension benefits or Tax Laws in Canada), including post-retirement employee benefits, which is maintained or contributed to (or to which there is or may be an obligation to contribute) by the Borrower in respect of any individual's employment with the Borrower in Canada or a province or territory thereof;

"Performance Testing" means a physical test of the commissioned equipment, system or part of system to demonstrate that the measured performance characteristics met the specified requirements as contained within specific supplier guaranteed performance specifications or, in the case of a complete system, the overall performance and ranges of performance specified in the System Completion Plan, which will be prepared in accordance with Schedule DD;

"Permitted Encumbrances" means, as at any time, any one or more of the following:

- (i) Statutory Prior Liens; provided that, the Statutory Prior Claims secured thereby are not yet delinquent (taking into account any relevant grace periods);
- (ii) liens for assessments or governmental charges or levies which are not delinquent (taking into account any relevant grace periods) or, if overdue, the validity or amount of which is being contested diligently and in good faith by appropriate proceedings and in respect of which adequate reserves in accordance with Applicable Accounting Principles have been recorded on the balance sheet of such Person;
- (iii) construction, mechanics', carriers, warehousemen's, storage, repairers' and materialmen's Liens but only if the obligations secured by such Liens are not due and delinquent and no Lien has been registered against title to any Assets of such Person or if a Lien has been registered, same is being defended diligently and in good faith by appropriate proceedings and in respect of which adequate reserves in accordance with Applicable Accounting Principles have been recorded on the balance sheet of such Person;
- (iv) easements, encroachments, rights of way, servitudes, licences, reservations, covenants, restrictive covenants or other similar rights in land granted to or reserved by other Persons, rights of way for sewers,

electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties, which easements, encroachments, rights of way, servitudes, licences, reservations, covenants, restrictive covenants, other similar rights and restrictions do not, in the aggregate, materially impair the conduct of the business of such Person;

- (v) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown in right of Canada or any province or territory thereof;
- (vi) title defects or irregularities which are of a minor nature and which do not in the aggregate materially detract from the value of the assets of such Person encumbered thereby or materially interfere with the use thereof in the operation of the business of such Person;
- (vii) Liens, charges or other security interests given to a public utility or any Governmental Authority when required by such utility or other authority; provided that, such Liens do not in the aggregate materially detract from the value of the assets of such Person, or materially interfere with the use thereof in the operation of the business of such Person;
- (viii) servicing agreements, development agreements, site plan agreements, facilities sharing agreements, cost sharing agreements and other similar agreements with Governmental Authorities pertaining to the use or development of any of the assets of such Person; provided that, same have been, are, and continue to be complied with in all material respects, including any obligations to deliver letters of credit and other security as required;
- (ix) applicable municipal and other governmental restrictions, including municipal by-laws and regulations, affecting the use of land or the nature of any structures which may be erected thereon; provided that, such restrictions have been, are, and continue to be complied with;
- (x) Liens arising from court or arbitral proceedings; provided that, the claims secured thereby are being contested diligently and in good faith by such Person, execution thereon has been stayed and continues to be stayed and such Liens do not, in the aggregate, impair the use of any assets of such Person in the conduct of business;
- (xi) deposits of cash securities in connection with any appeal, review or contestation of any security or Lien, or any matter giving rise to any security or Lien, described in paragraph (ix) above;
- (xii) any agreement or arrangement pursuant to which such Person pledges cash to any insurer, guarantor or third party contractor, made in the ordinary course of business to secure the performance of bids, tenders, contracts

(other than contracts of debt), leases, customs duties and other similar obligations;

- (xiii) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of combination of accounts or similar rights in the ordinary course of conducting day-to-day banking business in relation to deposit accounts or other funds maintained with a creditor depository institution (collectively, "**Banker's Liens**"); provided that, such Banker's Liens (a) do not relate to any deposit account that is a dedicated cash collateral account which is subject to restrictions against access by the depositor or account holder, (b) do not relate to any deposit account intended by the depositor or account holder to provide collateral to the depository institution, and (c) in respect of the Borrower only, are not intended directly or indirectly to secure the payment or performance of Indebtedness or any other obligation other than Additional Debt;
- (xiv) any Lien securing Purchase Money Obligations permitted to be outstanding under subsection 12.2.4 of the ML Credit Agreement; provided that, each such Lien only affects the property with respect to which the Purchase Money Obligation it secures was incurred;
- (xv) Liens securing Additional Debt permitted to be outstanding under subsection 12.2.5 of the ML Credit Agreement;
- (xvi) exceptions and qualifications in Sections 4, 5, 6, 7, 8 and 15 of the *Lands Act* (NL); and
- (xvii) exceptions and qualifications in Sections 7, 16, 20, 24 and 26 of the *Crown Lands Act* (NS), in Sections 20, 21, 40, 45, 52, 73, 74 and 75 of the *Land Registration Act* (NS) and in Sections 18, 25, and 27 of the *Registry Act* (NS);

"Permitted Investments" means book based securities, negotiable instruments, investments or securities that evidence:

- (i) obligations issued or fully guaranteed by the Government of Canada;
- (ii) obligations issued or fully guaranteed by any Province of Canada which has a long term debt rating of "A+" or better by S&P, "A (high)" or better by DBRS or "A1" or better by Moody's, and has such rating from at least two of the Rating Agencies;
- (iii) demand deposits of depository institutions, term deposits of depository institutions or certificates of deposit of depository institutions, in each case where any such depository institution is either (a) one of the five largest (by assets) Canadian Schedule I Banks or (b) is a depository institution that has a combined capital and surplus of at least CDN\$1 billion, has a short term debt rating of "A 1+" or better by S&P or "R-1 (middle)" or

better by DBRS and is regulated by the Office of the Superintendent of Financial Institutions (Canada);

- (iv) deposits with and notes or bankers' acceptances issued or accepted by any depository institution described in (iii) above;
- (v) money market funds which have a rating of "AAA m" or better by S&P or "R-1 (middle)" or better by DBRS or have otherwise been approved in writing by the Collateral Agent; and
- (vi) any other investments approved in writing by the Collateral Agent;

"Person" means an individual, corporation, estate, partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Authority;

"Post-Commissioning Drawdown" means an ML Drawdown under the ML Construction Facility to be made pursuant to provisions of Section 7.5 of the ML Credit Agreement, in an aggregate amount requested to be Advanced under the ML Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Post-Commissioning Eligible Project Costs and the Aggregate Borrower Project Funding Account Balances as at the Effective Date, the whole subject to the Available ML Construction Facility at such time;

"Post-Commissioning Eligible Project Costs" means the Demobilization Costs and the Punch List Costs remaining unpaid as at the Effective Date of the Post-Commissioning Funding Request;

"Post-Commissioning Funding Request" means a request, substantially in the form of Schedule "O-2" of the ML Credit Agreement, addressed by the Borrower to the Collateral Agent and the Independent Engineer, specifying:

- (i) the amount of Post-Commissioning Eligible Project Costs, plus any applicable Sales Taxes, remaining unpaid as at the Effective Date thereof;
- (ii) the Permitted Investments made with the funds in the Borrower Project Accounts;
- (iii) that no ML Event of Default has occurred and is continuing;
- (iv) for purposes of funding the Funding Requirements, the Aggregate Borrower Project Funding Account Balances as at the Effective Date;
- (v) for purposes of funding the Funding Requirements, (a) the Equity Rateable Share of the difference between the Funding Requirements and the Aggregate Borrower Project Funding Account Balances as at the Effective Date, minus (b) the amount determined in clause (iii) of the definition of Funding Requirements;

- (vi) for purposes of funding the Funding Requirements, the aggregate amount requested to be Advanced under the ML Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements and the Aggregate Borrower Project Funding Account Balances as at the Effective Date;
- (vii) a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Post-Commissioning Funding Request provided during the prior month; and
- (viii) Soft Costs incurred as at the Effective Date by major expense category and compared as against the original Project Budget;

"PPSA" means the *Personal Property Security Act* (NS) and/or *Personal Property Security Act* (NL);

"Proceeding" means any action, suit, inquiry, investigation, arbitration or dispute settlement procedure, or any court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal);

"Proceeds of Realization" refers to any and all monies received, collected, generated or that arose from the exercise of any Rights, Remedies and/or Recourses including any monies involved in any operation of set-off;

"Project" means "Maritime Link" as defined in the Development Agreement;

"Project Budget" refers to the budget of Project Costs set forth in Schedule "U" of the ML Credit Agreement;

"Project Costs" means collectively, without duplication, the Hard Costs and the Soft Costs and all other costs, fees and expenses relating to the development, construction and closing of financing of the Project, including the capital costs of any structures, and all financial, legal and consulting fees, costs and expenses, including any bonus payable to any Material Project Participant under any Material Project Document and the fees, costs and expenses forming part of the Various Agent Costs and Expenses, the Canada Project Costs and Expenses and the Funding Vehicle Project Costs and Expenses, all as described in the Project Budget, whether such Project Costs are incurred by Emera prior to the Closing Date or by the Borrower at any time;

"Project Plans" refers collectively to the plans, specifications, drawings, philosophies, design data, purchase order and contract drawings and documents which refer to the Project, produced by various Persons, including the Borrower, suppliers, engineering consultants and contractors, general and construction contractors, commissioning and startup specialists for the purpose of the development of the Project;

"Project Schedule" means the schedule for construction and Commissioning of the Project as initially set forth in Schedule "V" of the ML Credit Agreement and as may be amended from time to time;

"Prospective Debt Service Coverage Ratio" or **"Prospective DSCR"** means, as at any date of calculation thereof, the Base Cash Flow of the Borrower for the period of twelve (12) calendar months immediately following the date of calculation, divided by:

- (i) where the calculation is being made during the Operating Period for the purposes of subsection 12.2.5 of the ML Credit Agreement in connection with any determination of whether the Borrower may incur Additional Debt, Total Debt Service for the same period, calculated on a rolling basis and including therein the Additional Debt proposed to be incurred as if such Additional Debt had been incurred on the first day of such period; and
- (ii) where the calculation is being made for any other purpose, Total Debt Service for such period;

"Punch List Costs" means the costs required to complete work on all Punch List Items;

"Punch List Items" has the meaning ascribed to it in Section 10.20 of the ML Credit Agreement;

"Purchase Money Obligation" means, with respect to any Person, any indebtedness assumed as part of, or issued or incurred in respect of, the cost of acquisition, including by way of conditional sales contract or leasing by way of a Capital Lease of any property (including shares of Capital Stock) or of the cost of construction, improvement or extension of any property acquired, constructed, improved or extended or leased by way of a Capital Lease, which indebtedness existed at the time of acquisition, construction, improvement or extension or was created, issued, incurred, assumed or Guaranteed contemporaneously with the acquisition, construction, improvement or extension or leasing by way of a Capital Lease or within ninety (90) days after the Commissioning thereof and includes any extension, renewal or refinancing of any such indebtedness if the amount thereof outstanding on the date of such extension, renewal or refinancing is not increased, it being expressly understood that Purchase Money Obligation shall not include any trade payables incurred in the ordinary course of business and for the purpose of carrying on same;

"Rating Agency" means any of S&P, Moody's and DBRS and its respective successors or, if such rating agencies or their successors do not remain in operation in Canada, such nationally recognized statistical rating agency or other comparable Person designated by the Borrower;

"Realization Costs" refers collectively to:

- (i) all costs and expenses incident to the exercise of Rights, Remedies and/or Recourses including reasonable fees and out-of-pocket expenses of counsel, accountants and other professionals, escrow fees, recording fees, broker's fees, any fees, costs and expenses incurred in connection with any sale or foreclosure of any property or asset, and all applicable transfer

taxes that may be imposed by reason of any such sale or foreclosure and the delivery of any and all instruments in connection therewith;

- (ii) any claim or debt, in principal, interest, fees and other amounts which, notwithstanding the provisions of any ML Project Finance Document, by Law is payable by preference over the ML Secured Obligations; and
- (iii) the fees, costs and expenses of the Funding Vehicle and the Collateral Agent exercising Rights, Remedies and/or Recourses, including any indemnity paid to any thereof;

"Recoverable Operating Costs" means that portion of Operating Costs incurred or to be incurred by the Borrower in any period which is approved to be recoverable from assessments, rates or other levies approved by the UARB for the payment of Operating Costs;

"Registration" means any notice to or filing, publication, recording or registration with any Governmental Authority having jurisdiction with respect to any specified Person, transaction or event, or any of such Person's Assets;

"Release" shall mean (i) when used as a verb, release, spill, leak, emit, deposit, discharge, leach, migrate, dump, issue, empty, place, seep, exhaust, abandon, bury, incinerate or dispose into the environment and (ii) when used as a noun, has a correlative meaning;

"Remedies Consultation Period" has the meaning ascribed to it in Section 14.1 of the ML Credit Agreement;

"Repair Conditions" means, in respect of any event giving rise to any insurance proceeds:

- (i) no ML Event of Default has occurred and is continuing other than a ML Event of Default resulting solely from such damage or destruction;
- (ii) the Borrower and the Independent Engineer certify, and the Collateral Agent determines, that repair or restoration of the Project is technically and economically feasible and that a sufficient amount of funds is or will be available to the Borrower to make such repairs and restorations (assuming timely payment by the applicable insurer or insurers of all amounts claimed in good faith by the Borrower);
- (iii) the Collateral Agent determines that after repair and restoration the Project will be able to continue to service the ML Construction Loan and pay all other amounts due to the Funding Vehicle by the Borrower under the ML Credit Agreement, as and when due; and
- (iv) no material Authorization is necessary to proceed with the repair and restoration and no material amendment to the ML Credit Agreement or any of the ML Project Finance Documents and no other instrument, is

necessary for the purpose of effecting the repairs or restorations or subjecting the repairs or restorations to the Liens of the ML Security Documents or, if any such amendment or instrument is necessary, the Borrower will be able to obtain same as and when required;

"Replacement Obligor" means, with respect to any Person party to a Material Project Document (other than the Borrower), any other Person satisfactory to the Collateral Agent, who, pursuant to any definitive agreement or definitive guarantee satisfactory to the Collateral Agent, assumes the obligations of such first Person or enters into a new contract on terms and conditions no less favourable to the Borrower, as the case may be, than those which such first Person being replaced is obligated to provide pursuant to the applicable Material Project Document;

"Requisite Instructions" has the meaning ascribed to it from time to time in Section 4.2 of the Collateral Agency Agreement for purposes of the ML Project Finance Documents;

"Responsible Officer" means the president, the chief executive officer, the chief financial officer, a vice-president, the treasurer, the corporate controller, the corporate secretary or the assistant corporate secretary of such Person, provided that, with respect to the Project, it shall mean any of the foregoing officers of such Person or such other person duly authorized by resolution from time to time to execute any document relating to the Project;

"Retrospective Debt Service Coverage Ratio" or **"Retrospective DSCR"** means, as at any date of calculation thereof, the Base Cash Flow of the Borrower for the period of the then most recently completed twelve (12) calendar months divided by Total Debt Service for the same period, calculated on a rolling basis. When calculating the Retrospective DSCR prior to the completion of twelve (12) full calendar months commencing after the Commissioning Date, only the completed months that commenced after such date and ended on or prior to the date of calculation are to be taken into account;

"Rights, Remedies and/or Recourses" with respect to any Person, refers to any personal action, provisional measure, any other real or personal right, whether same is exercised under the terms of any security or any other recourse whatsoever and including:

- (i) the right to accelerate any Indebtedness owed to such Person or to demand payment of any Indebtedness payable on demand or to demand payment under any Guarantee;
- (ii) the right to institute or prosecute any litigation;
- (iii) the right to set-off;
- (iv) the right to initiate or prosecute Insolvency Proceedings or Enforcement Proceedings; and
- (v) the exercise of the rights of a creditor under any Insolvency Proceeding.

"**S&P**" means Standard & Poor's Rating Service and its successors;

"**Sales Taxes**" means sales, transfer, turnover or value added taxes of any nature or kind, including the HST and federal, state and provincial sales and excise taxes;

"**Sinking Fund Account**" has the meaning ascribed thereto in Section 8.7 of the ML Credit Agreement;

"**Sinking Fund Deposit Date**" refers to each date referred to as such in each applicable schedule to Exhibit "B" of the ML Credit Agreement;

"**Sinking Fund Payment**" has the meaning ascribed to it in Section 2.8 of the ML Credit Agreement;

"**Soft Costs**" means all of the financing, administrative and other similar costs identified in the Project Budget, including, without duplication:

- (i) interest payable on the ML Construction Loan or Additional Debt and financing-related fees, costs and other amounts, in each case incurred in connection with the ML Construction Facility or Additional Debt, provided, however, that, if the amortization of the ML Construction Loan has commenced prior to the Commissioning Date, any Sinking Fund Payment that needs to be made;
- (ii) any ML L/C Fees payable pursuant to Section 2.10 of the ML Credit Agreement;
- (iii) all general and administrative costs of the Borrower attributable to the Project as well as those of the Funding Vehicle, and more particularly the payments required to be made by the Administrator under the terms of the Administration Agreement;
- (iv) all principal, interest, financing fees and related costs incurred in connection with Purchase Money Obligations and Capital Leases, in each case incurred in connection with the Project;
- (v) the cost of funding the DSRA with the then applicable Minimum DSRA Requirement; and
- (vi) the fees, costs and other amounts incurred in connection with Derivative Instruments;

"**Statutory Easement**" has the meaning attributed to it by, and grants to a Holder the rights set forth in, the *Muskrat Falls Project Land Use and Expropriation Act* (NL) and includes, for certainty, any property or assets located upon, constructed, erected or affixed to the land encumbered by a Statutory Easement by or on behalf of the Holder of it;

"Statutory Prior Claims" relative to any Person, means, claims for unpaid wages, vacation pay, worker's compensation, unemployment insurance premiums, pension plan contributions, employee or non-resident withholding Tax, unremitted Sales Taxes (net of applicable input tax credits, in the case of goods and services, value-added and similar taxes), customs duties, realty taxes (including utility charges and business taxes which are collectable like realty taxes) or similar statutory obligations secured by a Lien on such Person's Assets;

"Statutory Prior Liens" means the Liens securing Statutory Prior Claims;

"Subsidiary" means, with respect to any Person, any Person (i) which is Controlled, directly or indirectly by such first Person or (ii) a majority of whose Voting Capital Stock, on a fully diluted basis, is owned directly or indirectly, beneficially or otherwise, by such first Person;

"Supplemental Indenture" means an indenture supplemental to the MTI entered into by the Funding Vehicle and the Indenture Trustee in accordance with the terms of Section 10.1 of the MTI;

"Sustaining Activities" means with respect to O&M Activities, those activities and undertakings of a capital nature which the Borrower determines after the Commissioning Date are necessary to sustain the Project in proper operating condition during the Operating Period;

"Sustaining Costs" means the costs incurred as a result of Sustaining Activities, including an allowance for funds used during construction consistent with the then current regulatory practice in NS;

"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, Sales Taxes, 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;

"Total Debt Service" means, for the Borrower, for any period, all interest and stand-by fee payments, Sinking Fund Payments and scheduled principal payments required to be made on the ML Construction Loan and on all Additional Debt of the Borrower, provided, however, that:

- (i) if any such Additional Debt is only repayable in its entirety at maturity, the amount of Deemed Principal Repayments for such period shall be included in Total Debt Service; and

- (ii) for purposes of the Prospective Debt Service Coverage Ratio and the Retrospective Debt Service Coverage Ratio, where the period includes the maturity of any tranche of the ML Construction Loan repayable pursuant to Section 2.6.2 of the ML Credit Agreement, there shall be excluded from the calculation of Total Debt Service the portion of principal amount of the ML Construction Loan payable or, as the case may be, paid on the applicable FV Bond Maturity Date;

"UARB" means the Nova Scotia Utility and Review Board, and includes any successor or replacement energy regulator under the laws of NS;

"Unrecoverable Operating Costs" means that portion of Operating Costs which are not Recoverable Operating Costs;

"Various Agent Costs and Expenses" means (i) the reasonable fees, costs and expenses due and payable, as well as any indemnity obligations due and payable, by the Borrower to the Collateral Agent pursuant to the ML Project Finance Documents, and (ii) without duplication, the fees, costs and expenses due and payable, as well as any indemnity obligations due and payable, by the Funding Vehicle or the Borrower, as the case may be, to the Issuer Trustee, the Collateral Agent, the Administrator, the Indenture Trustee or the Fiscal Agent pursuant to the Funding Transaction Documents (including, in each case, the financial, legal and consulting fees, costs and expenses);

"Voting Capital Stock" means Capital Stock of a Person which carries voting rights or the right to Control such Person generally provided that Capital Stock which carries the right to vote or Control conditionally upon the happening of an event shall not be considered Voting Capital Stock until the occurrence of such event and then only during the continuance of such event;

"WCR Release" means a release of funds from the Working Capital Reserve Account for purposes of funding Eligible Project Costs, the whole in accordance with Section 7.7 or 7.8 of the ML Credit Agreement;

"WCR Release and Equity Funding Notice" means a notice, substantially in the form of the one attached as Schedule "BB" of the ML Credit Agreement, issued by the Borrower pursuant to Section 7.7 or 7.8 of the ML Credit Agreement;

"WCR Release Date" means a day on which a WCR Release is effected;

"Working Capital Reserve Account" has the meaning ascribed thereto in Section 8.10 of the ML Credit Agreement; and

"Working Capital Reserve Account Balance" means, as at the Effective Date of the Final Funding Request, the aggregate of the balance on deposit at such time in the Working Capital Reserve Account including, for greater certainty, any ML Income on Account Balances deriving therefrom.

1.2 Extended Meanings

In each ML Project Finance Document, unless a clear contrary intention appears, the following words and expressions shall be given the extended meanings set out opposite them:

- 1.2.1 "**asset**" means any undertaking, business, property (real, personal or mixed, tangible or intangible) or other asset;
- 1.2.2 "**cancel**" means cancel, surrender, repudiate, disclaim, terminate or suspend;
- 1.2.3 "**change**" means change, modify, alter, amend, supplement, restate, extend, renew, compromise, novate, replace, terminate, release, discharge, cancel, suspend or waive;
- 1.2.4 "**claim**" means claim, claim over, cross-claim, counter-claim, defence, demand, liability, proceeding, judgment, order or award of any court, other Governmental Authority, arbitrator or other alternative dispute resolution authority;
- 1.2.5 "**final judgment**" means a judgment, order, declaration or award of a court, other Governmental Authority, arbitrator or other alternative dispute resolution authority of competent jurisdiction from which no appeal may be made or from which all rights of appeal have expired or been exhausted;
- 1.2.6 "**include**" means include without limitation, and such term shall not be construed to limit any word or statement which it follows to the specific items or matters immediately following it or similar terms or matters;
- 1.2.7 "**losses and expenses**" means losses, costs, expenses, damages, penalties and judgments and awards of any court or other Governmental Authority, arbitrator, mediator or other alternative dispute resolution authority, including any applicable awarded costs, and legal fees and disbursements on a full indemnity basis;
- 1.2.8 "**paid in full**" and "**repaid in full**" in relation to any payment obligation owing to any person (in this Section 1.2.8, the "**obligee**") - permanent, indefeasible and irrevocable payment in cash (or other freely available funds transfer as may be expressly provided for in the applicable document creating or evidencing such payment obligation) to the applicable obligee in full of such payment obligation in accordance with the express provisions of the applicable document creating or evidencing such payment obligation, without regard to any compromise, reduction or disallowance of all or any item or part thereof by virtue of the application of any bankruptcy, insolvency, fraudulent conveyance, assignment, preference or other similar such laws, any law affecting creditors' rights generally or general principles of equity, and, if applicable, the cancellation or expiry of any commitment of the obligee to lend or otherwise extend credit;

- 1.2.9 "**receiver**" means a privately appointed or court appointed receiver or receiver and manager, interim receiver, liquidator, trustee in bankruptcy, administrator, administrative receiver and any other like or similar official;
- 1.2.10 "**rights**" means rights, titles, benefits, interests, powers, authorities, discretions, privileges, immunities and remedies (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise;
- 1.2.11 "**set-off**" means any right or obligation of set-off, compensation, offset, combination of accounts, netting, retention, withholding, reduction, abatement, deduction, counter-claim, cross-claim or any similar right or obligation, or (as the context requires) any exercise of any such right or performance of such obligation; and
- 1.2.12 "**written**" and "**in writing**" shall be construed as an original writing, a pdf or facsimile copy of a writing or an e-mail.

1.3 **References to Agreements**

Each reference in each ML Project Finance Document to any agreement (including this Agreement and any other defined term that is an agreement) shall be construed so as to include such agreement (including all attached schedules, appendices and exhibits) and each change made to it at or before the time in question.

1.4 **References to Statutes**

Each reference in each ML Project Finance Document to any code, statute, regulation, official interpretation, directive or other legislative enactment of any Canadian or foreign jurisdiction (including any political subdivision thereof) shall be construed so as to include such code, statute, regulation, official interpretation, directive or enactment and each amendment, reenactment, reissuance or replacement thereof made at or before the time in question.

1.5 **Grammatical Variations**

In each ML Project Finance Document, unless a clear contrary intention appears, (i) words and expressions (including words and expressions (capitalized or not) defined, given extended meanings or incorporated by reference therein) in the singular include the plural and vice versa (the necessary changes being made to fit the context), (ii) words in one gender include all genders and (iii) grammatical variations of words and expressions (capitalized or not) which are defined, given extended meanings or incorporated by reference therein shall be construed in like manner.

1.6 **Non-Business Days**

Whenever any payment to be made under a ML Project Finance Document is required to be made or any other action to be taken thereunder is required to be taken on a day other

than a Business Day, such payment will be made or such other action will be taken on the next following Business Day. Any payment made after 3:00 p.m. (Halifax, Atlantic time) on a Business Day will be deemed to be made on the next following Business Day.

1.7 **Computation of Time Periods**

In each ML Project Finance Document, with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "**from**" means "**from and including**" and the words "**to**" and "**until**" mean "**to but excluding**".

1.8 **Accounting Terms; Applicable Accounting Principles**

1.8.1 Unless a clear contrary intention appears in a ML Project Finance Document, all terms of an accounting or financial nature shall be construed in accordance with Applicable Accounting Principles, as in effect from time to time. For purposes of the calculation of DER and DSCR, such ratios shall be calculated in accordance with the definitions hereof and not in accordance with Applicable Accounting Principles, it being understood that the definition of "Base Equity Contribution" shall be determined in accordance with Applicable Accounting Principles. All calculations for the purposes of determining compliance with any financial ratios and financial covenants contained in any ML Project Finance Document shall be made on a basis consistent with Applicable Accounting Principles used in the preparation of the first Financial Statements of the Borrower delivered under the Project Finance Agreement. Any financial ratios required to be maintained by the Borrower pursuant to any ML Project Finance Document shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in any ML Project Finance Document and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed therein.

1.8.2 The parties hereto agree that if at any time there is a material change to Applicable Accounting Principles, then the Borrower and the Collateral Agent shall use commercially reasonable efforts to negotiate in good faith amendments to the provisions of the applicable ML Project Finance Document that are affected by such material change with the intent of having the respective positions of the Borrower and the Collateral Agent after such material change conform as nearly as possible to their respective positions immediately prior to the implementation of such material change; provided, however, that until any such amendments shall have been agreed upon, the terms, conditions and undertakings of the applicable ML Project Finance Document shall be interpreted and applied as if such material change did not apply to the Borrower and the accounting principles applicable to the Borrower immediately prior to the implementation of such material change shall continue to apply to the Borrower for the purpose of determining if the

Borrower complies with the financial covenants of the applicable ML Project Finance Document and the Borrower shall continue to provide Financial Statements under the applicable ML Project Finance Document prepared in accordance with such accounting principles.

EXHIBIT B**FINANCING AND PAYMENT TERMS AND SINKING FUND PAYMENTS**

This Exhibit B will set out the Applicable Interest Rate, the FV Bond Maturity Date, the applicable ML Construction Facility tranche limit, the applicable Sinking Fund Payments and related terms and other applicable terms of each tranche of FV Debt which will be a back to back obligation of the Borrower under the ML Credit Agreement (taking into account among other things, the taxation of the Funding Vehicle). At financial close, there will only be Exhibit B-1 which will set out the terms of the “Credit Facility” as set out in the Payment Obligation Agreement.

EXHIBIT B-1

CREDIT FACILITY

Pursuant to a commitment letter from The Bank of Nova Scotia (“**Scotiabank**”) to Emera dated February 14, 2014, Scotiabank has agreed to arrange a credit facility in favour of ML FV in the aggregate amount of up to \$250,000,000 (the “**Credit Facility**”). The Credit Facility has a maturity of five years and an accordion feature to increase the size of the Credit Facility by \$100,000,000. In connection with the Credit Facility a pledge bonds shall be issued to Scotiabank for the benefit of itself and the other lenders pursuant to the MTI. The Credit Facility shall be ML Guaranteed Debt (as defined in the Payment Obligation Agreement between the Borrower, Emera and Canada dated November ● , 2013).

SCHEDULE "A"

ML LAND AREA

SCHEDULE "B"**MATERIAL PROJECT DOCUMENTS AND AUTHORIZATIONS****Part I – Authorizations obtained**

Permit/License Name	Jurisdiction	Granting Body	Status
Heritage Research permit	Nova Scotia	Department of Communities, Culture and Heritage - Heritage Division	Approved - Contractor
Watercourse Alteration Approval	Nova Scotia	Nova Scotia Environment	Approval #2013-087988
Special Move: Over-Dimension Permit / Overweight Permit	Nova Scotia	Business and Consumer Registration Service Nova Scotia and Municipal Relations	Approved – Contractor #01035212013-640550
Coastal Permit	Nova Scotia	DNR - Lands Division	Approval #CP14-006
Application for a Permit to Alter a Body of Water	Newfoundland and Labrador	Department of Environment and Conservation (Water Resources Division)	Approved – WRL/P-13-001
Application for Water Use License	Newfoundland and Labrador	Department of Environment and Conservation (Water Resources Division)	Approved – WRL/P-13-001
Preliminary Application to Develop Land – Construction/ development along a Protected Road or within a Protected Area	Newfoundland and Labrador	Service NL	Approval # 170711 – NLH AT on Crown Lands #170709 – NLH AT on Private Lands
Commercial Cutting Permit Operating Permit - Permit to Burn	Newfoundland and Labrador	Department of Natural Resources, Forestry Services	Approval #14-14-00397
Application for an Archaeological Research Permit to Conduct an Historic Resources Impact Assessment	Newfoundland and Labrador	Department of Tourism, Culture and Recreation	Approved - Contractor

Part II - Initial Material Project Documents

Initiative #	Initiative Description	Estimated Contract Value	Status
E11-18	Submarine Cable Supply & Install	██████████	Awarded /Contract Executed

Maritime Link - Joint Development Agreement

NSPI Agency and Services Agreement

Energy and Capacity Agreement between Nalcor Energy and Emera

Part III - Additional Material Project Documents

Initiative #	Initiative Description	Estimated Contract Value	Status
E12-74	Converter Stations -Supply & Install	████████	In Progress
E13-85	Transmission Structures and Grillage	██████	In Progress
E13-95	Transmission Line Construction Services	████████	In Progress
E13-137	HDD Construction	██████	In progress

Asset Interconnection Agreement (NL)

Asset Interconnection Agreement (NS)

Transmission Operating Agreement (NL)

Transmission Operating Agreement (NS)

Management Services Agreement with Emera

Management Services Agreement with NSPI

Part IV- Authorizations required for Project not listed in PART I above and PART V below

Permit/License Name	Jurisdiction	Granting Body	Status
Request for Review under the Fish Habitat Protection Provisions of the Fisheries Act	Federal	Fisheries and Oceans	To be determined; permit may be required for cable installation.
Application for Authorization for Works or Undertakings Affecting Fish Habitat	Federal	Fisheries and Oceans	LoA #13=HMAR-MA1-00263 #13=HMAR-MA1-00264
Navigable Waters Protection Act Request for Approval	Federal	Transport Canada	To be Prepared
Coasting Trade License (Application for Vessel Temporary Admission to the Coasting Trade of Canada)	Federal	Canadian Transportation Agency (CTA); Canada Border Services Agency (CBSA); Transport Canada; and Public Safety Canada	To be Prepared – Contractor; applicable to cable installation
Notices to Shipping - during any marine activity	Federal	Cape Breton: Sydney Marine Communications and Traffic Services, DFO; NL side, Port-aux-Basques Marine Communications and Traffic Services, DFO	To be Prepared; applicable to cable installation
Notices to Mariners - after cable is laid	Federal	DFO (Canadian Coast Guard)	To be Prepared; applicable to cable installation
Dangerous Goods/Waste Dangerous Goods: Approval	Nova Scotia	Nova Scotia Environment	To be Prepared
Wetland Alteration Approval	Nova Scotia	Nova Scotia Environment	To be Prepared
Pesticide Use and Storage Approval	Nova Scotia	Nova Scotia Environment	To be Prepared Contractor
On-Site Sewage Disposal Approval	Nova Scotia	Nova Scotia Environment	To be Prepared - Contractor
Work Within Highway Right-of-Way Permit	Nova Scotia	Department of Transportation and Infrastructure Renewal	Pending Approval - Contractor
Use of Highway Right of Way of Pole Lines Permit	Nova Scotia	Department of Transportation and Infrastructure Renewal	To be Prepared
Development Permit	Nova Scotia - Municipal	Cape Breton Regional Municipality, Development Division of the Planning Department	To be Prepared
Building Permit	Nova Scotia - Municipal	Fire Services - Manager, Inspection & Bylaw Division, Cape Breton Regional Municipality	To be Prepared

Permit/License Name	Jurisdiction	Granting Body	Status
Footing Permit	Nova Scotia - Municipal	Fire Services - Manager, Inspection & Bylaw Division, Cape Breton Regional Municipality	To be Prepared
Application for a Permit for Water and Sewerage Works and/or Potable Water Dispensing Unit	Newfoundland and Labrador	Department of Environment and Conservation (Water Resources Division)	To be Prepared
Application for a Permit for a Development Activity in a Protected Public Water Supply Area/Wellhead Protected Water Supply Area	Newfoundland and Labrador	Department of Environment and Conservation (Water Resources Division)	Pending Approval
Preliminary Application to Develop Land – Highway Access	Newfoundland and Labrador	Service NL	To be Prepared, indiv. Permits through T&W
Application for Registration of Fuel Storage and Handling Facilities	Newfoundland and Labrador	Service NL	To be Prepared
Application for a Certificate of Approval to establish, alter, enlarge or extend a waste management facility	Newfoundland and Labrador	Service NL	N/A
Application for a Permit for Water and Sewerage Works and/or Potable Water Dispensing Unit	Newfoundland and Labrador	Service NL for Department of Environment and Conservation (Water Resources Division)	To be Prepared
Application for a Building Inspection to Commission Temporary Camp	Newfoundland and Labrador	Service NL for Health Canada National Fire Code National Building Code	To be Prepared
Economic Activity Permit (SAR IMMP incl)	Newfoundland and Labrador	Department of Environment and Conservation (Wildlife Division)	Pending Approval
Trailway Temporary Access Permit	Newfoundland and Labrador	Department of Environment and Conservation - Parks and Natural Areas Division	Pending Approval
Safe Clearance Report	Newfoundland and Labrador	NL Power	To be Prepared - Contractor

Part V – Authorizations Obtained by Emera

Nil.

SCHEDULE "C"

APPLICABLE LAWS

Nil.

SCHEDULE "D"

ENVIRONMENT

Nil.

SCHEDULE "E"

SOURCES AND USES OF FUNDS

Sources and Uses of Funds through Commissioning

Sources:		●
Debt drawdowns		●
Interest component of AFUDC		●
	<hr/>	●
Equity		●
Equity component of AFUDC		●
	<hr/>	●
Total Sources	<hr/>	●
	<hr/>	
Uses:		
Project cost		●
Waterfall of debt balance into Sinking Fund		●
Reserves and other		●
Total AFUDC (including prior period AFUDC)		●
Total Uses	<hr/>	●
	<hr/>	

SCHEDULE "F"

LITIGATION

Nil.

SCHEDULE "G"

CORPORATE STRUCTURE AND LOCATION OF ASSETS

1. NSP MARITIME LINK INCORPORATED

1.1. Jurisdiction of incorporation

Newfoundland and Labrador, Canada

1.2. Persons holding Capital Stock

Emera Newfoundland & Labrador Holdings Incorporated

1.3. Nature of Capital Stock

- Certificate No. 2 dated September 2, 2011 registered in the name of Emera Newfoundland & Labrador Holdings Incorporated representing 1 common share in the Capital Stock of NSP Maritime Link Incorporated.

- Certificate No. 3 dated February 11, 2013 registered in the name of Emera Newfoundland & Labrador Holdings Incorporated representing 25,000,000 common shares in the Capital Stock of NSP Maritime Link Incorporated.

- Certificate No. 4 dated June 24, 2013 registered in the name of Emera Newfoundland & Labrador Holdings Incorporated representing 13,000,000 common shares in the Capital Stock of NSP Maritime Link Incorporated.

- Certificate No. 5 dated September 24, 2013 registered in the name of Emera Newfoundland & Labrador Holdings Incorporated representing 12,500,000 common shares in the Capital Stock of NSP Maritime Link Incorporated.

- Certificate No. 6 dated December 18, 2013 registered in the name of Emera Newfoundland & Labrador Holdings Incorporated representing 11,000,000 common shares in the Capital Stock of NSP Maritime Link Incorporated.

1.4. Location of the principal place of business

9 Austin Street, St. John's, NL A1B 4C1

1.5. Location of the registered and chief executive offices

Scotia Centre, Suite 1000, 235 Water Street, St. John's NL A1C 1B6

1.6. Exact Name

NSP Maritime Link Incorporated

SCHEDULE "H"

ABORIGINAL MATTERS

Nil.

SCHEDULE "I"

IE CERTIFICATE

This Certificate is provided by MWH Canada, Inc. (the "**Independent Engineer**") to The Toronto-Dominion Bank (the "**Collateral Agent**") in connection with the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and the Collateral Agent (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "**ML Credit Agreement**").

Capitalized terms used in this Certificate and not otherwise defined herein shall have the meanings assigned to them in Exhibit A of the ML Credit Agreement.

The Independent Engineer has discussed matters believed pertinent to this Certificate with the Borrower.

On the basis of the foregoing limited review procedures, the Independent Engineer makes the following statement in favour of the Collateral Agent and to the best of its knowledge, information and belief, as of the date hereof:

— Budgeting and maintenance of the Project are being conducted in accordance with Good Utility Practice.

This Certificate is solely for the information and assistance of the Collateral Agent, the Lender and Canada in connection with the ML Credit Agreement and shall not be used, circulated or relied upon for any other purpose or by any other party.

Dated: _____.

MWH CANADA, INC.

By: _____

Title: _____

SCHEDULE "J"
OPERATING REPORT

Date: _____

The Toronto-Dominion Bank
as Collateral Agent
TD Bank Tower
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

This certificate is delivered to you pursuant to subsection 11.1.3 of the ML Credit Agreement in respect of the fiscal quarter of the Borrower ending on ● (the "**Quarter**").

I, ●, the undersigned, ● of the Borrower, in my capacity as an officer of the Borrower and without personal liability, do hereby certify that:

1. attached hereto as Exhibit "A" is a true and accurate assessment and analysis of the Project's compliance with each material category in the Annual O&M Budget;
2. attached hereto as Exhibit "B" is a true and accurate assessment of all material casualty losses incurred during the Quarter and on a year-to-date basis;
3. attached hereto as Exhibit "C" is a true and accurate assessment of all replacements of material equipment not contemplated by the Annual Maintenance Plan that have taken place during the Quarter and on a year-to-date basis; and
4. attached hereto as Exhibit "D" is a true and accurate assessment of all works performed during the Quarter and to date pursuant to the Annual Maintenance Plan.

Signed at ●, this ● day of ●, ●.

Name: ●

Title: ● of NSP Maritime Link Incorporated

EXHIBIT "A"

[NOTE TO DRAFT: Please provide a numerical and narrative assessment of the Project's compliance with each material category in the Annual O&M Budget during the Quarter and on a year-to-date basis, and an analysis of any variance thereof.]

EXHIBIT "B"

[NOTE TO DRAFT: Please provide a numerical and narrative assessment of the material casualty losses incurred during the Quarter and on a year-to-date basis, if any.]

EXHIBIT "C"

[NOTE TO DRAFT: Please provide a numerical and narrative assessment of all replacements of material equipment not contemplated by the Annual Maintenance Plan that have taken place during the Quarter and on a year-to-date basis, if any.]

EXHIBIT "D"

[NOTE TO DRAFT: Please provide a numerical and narrative assessment of all works performed during the Quarter and to date pursuant to the Annual Maintenance Plan.]

SCHEDULE "K"**CONSTRUCTION REPORT**

Date: _____

THE TORONTO-DOMINION BANK

AS COLLATERAL AGENT

TD Bank Tower
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2**MWH CANADA INC.**

AS INDEPENDENT ENGINEER

505 Burrard Street, suite 1500
One Bentall Centre
Vancouver, BC V7X 1M5

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

This Construction Report is delivered to you pursuant to subsection 7.3.2 and Section 11.3 of the ML Credit Agreement in respect of the month ending on ● (the "**Applicable Month**").

I, ●, the undersigned, ● of ●, in my capacity as an officer of the Borrower and without personal liability, do hereby certify that:

1. I have conducted such investigations as I have deemed necessary to provide the information set out in this report and in so doing I have verified all engineering related matters with a licensed professional engineer working on our behalf in respect of the Project;
2. attached hereto as Exhibit "A" is a true and accurate table detailing the Hard Costs incurred during the Applicable Month and compared as against the original Project Budget;
3. attached hereto as Exhibit "B" is a true and accurate analysis of the Cost to Complete as at the end of the Applicable Month;
4. attached hereto as Exhibit "C" is a true and accurate analysis of the Cost Variances as at the end of the Applicable Month, with a narrative explanation as to any variances from the original Project Budget;

5. the estimated Commissioning Date is currently ●; [Please refer to Exhibit "D" hereto for details.] **[NOTE: Bracketed language to be included where the estimated Commissioning Date differs from the estimated Commissioning Date set out in the Project Schedule.]**
6. there are no material disputes with any Material Project Participant or related claims against the Borrower, other than as set out in Exhibit "E" hereto;
7. attached hereto as Exhibit "F" is a true and accurate report describing the progress of the construction of the Project since the previous Construction Report and compared as against the originally established milestone in the Project Schedule;
8. the Project is being built substantially in all respects in accordance with the Project Plans and Good Utility Practice;
9. subject to Sections 9.5 and 9.14 of the ML Credit Agreement, I have no reason to believe that the Project is being built in violation of any Applicable Laws or Authorizations in effect at the time of performance of the relevant work;
10. subject to Sections 9.5 and 9.14 of the ML Credit Agreement, all Material Project Participants and other Persons participating or working toward the Commissioning of the Project, to the best of my Knowledge, are not in material default with respect to any of their respective obligations which would delay Commissioning beyond the Date Certain and the Borrower is not in material default in the payment of any sums due to such Persons in accordance with the terms agreed upon or in the fulfilment of any of its obligations with respect to such Persons, save and except with respect to such payments or obligations which the Borrower shall be contesting diligently and in good faith and in respect of which, in the event that such contestation should prove unsuccessful, no Lien shall be created or result upon or with respect to any ML Assets and Rights now owned or hereafter acquired by the Borrower, except for Permitted Encumbrances;
11. subject to Sections 9.5 and 9.14 of the ML Credit Agreement, all Authorizations which, under Applicable Law, as at the date hereof, are necessary to have been obtained in connection with the Project and the work currently being performed on the Project, have been obtained and are in full force and effect and do not contain any condition which could prevent or adversely affect the ability of the Borrower of attaining Commissioning by the Date Certain; and
12. attached hereto as Exhibit "G" is a true and complete copy of each of the Additional Material Project Documents entered into by the Borrower since **[the previous Construction Report / the Closing Date]**.

Signed at ●, this ● day of ●, ●.

Name:

Name:

Title:

EXHIBIT "A"

[NOTE TO DRAFT: Please set out the Hard Costs incurred during the Applicable Month by major expense category and compared as against the original Project Budget.]

EXHIBIT "B"

[NOTE TO DRAFT: Please provide a detailed analysis of the Cost to Complete.]

EXHIBIT "C"

[NOTE TO DRAFT: Please provide a description of any Cost Variances detailing any variances from the Project Budget (with a narrative explanation of such variances).]

EXHIBIT "D"

[NOTE TO DRAFT: Please provide details regarding the variances from the estimated Commissioning Date set forth in Project Schedule (with a narrative explanation of such variances).]

EXHIBIT "E"

[NOTE TO DRAFT: Please describe any material disputes with any Material Project Participant or related claims against the Borrower].

EXHIBIT "F"

[NOTE TO DRAFT: Please provide a narrative report describing in reasonable detail the progress of the construction of the Project since the previous Construction Report and compared as against the originally established milestones in the Project Schedule.]

EXHIBIT "G"

[NOTE TO DRAFT: Please attach copies of the Additional Material Project Documents entered into by the Borrower since the previous Construction Report or the Closing Date, as the case may be, if any.]

SCHEDULE "L"

COMMISSIONING CERTIFICATE

Date: Note 1

TO: THE TORONTO-DOMINION BANK, as Collateral Agent

TO: MWH CANADA INC., as Independent Engineer

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the **“Borrower”**), Maritime Link Financing Trust (the **“Lender”**) and The Toronto- Dominion Bank (the **"Collateral Agent"**) (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the **"ML Credit Agreement"**).

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

This certificate is being issued to you in accordance with the provisions of subsection 7.6.1 of the ML Credit Agreement.

I, ●, the ● of the Borrower, hereby solemnly declare and certify the matters set forth in paragraphs 1 to 9 below, in my capacity as an officer of the Borrower:

A. GENERAL STATEMENTS OF THE OFFICER

- 1. This certificate is delivered to you in my capacity as an officer of the Borrower and without personal liability;
- 2. I am familiar with the Project and with all matters herein certified and have made reasonable inquiries as to such matters;
- 3. I have taken cognizance of the terms of the ML Credit Agreement and all Material Project Documents;

B. COST VARIANCES

- 4. With regard to any particular construction phase or component of construction and start-up of the Project, the amount by which costs in respect of such construction phase or component exceed amounts allocated thereto in the Project Budget amounts to: CDN\$_____

C. PUNCH LIST COSTS AND DEMOBILIZATION COSTS

- 4. With regard to any particular construction phase or component of construction and start-up of the Project, the amount by which costs in respect of such construction phase or component exceed amounts allocated thereto in the Project Budget amounts to: CDN\$_____
- 5. Punch List Costs amount to: CDN\$_____
- 6. Demobilization Costs amount to: CDN\$_____

D. COMMISSIONING MATTERS

- 7. The static and dynamic commissioning inspections and tests have been achieved in accordance with the approved commissioning procedures and the Project has been constructed and mechanically completed in all material respects, in accordance with the Project Plans and Good Utility Practice, save for any Punch List Items and Demobilization List Items;
- 8. All Commissioning Tests, interconnection and reliability tests necessary to demonstrate that the Project meets the specifications and the operating objectives for the Project pursuant to the Project Plans and the Basis of Design have been successfully completed save for any Punch List Items and Demobilization List Items; and
- 9. I have no reason to believe that, assuming the proper operation and maintenance of the plant and related equipment and devices forming part of the Project, it will not be able to maintain such required specifications and operating objectives for a period of at least forty (40) years.

You will find attached all supporting documentation and information as will permit you to verify the information and calculations given and made herein.

I hereby represent and warrant that all of the information set forth herein and in all supporting documentation and information attached hereto is complete, correct and accurate in all material respects and I have no knowledge of any undisclosed fact which has or could materially affect the information set forth herein or in the supporting documentation and information attached hereto.

AND I MAKE THIS CERTIFICATE, conscientiously believing it to be true.

IN WITNESS WHEREOF, I have signed this present Commissioning Certificate in ●, Province of Newfoundland and Labrador, on this ● (● th) day of ●, ●.

●
 ● NSP Maritime Link Incorporated

Notes:

1. This certificate should be dated on or about, but no later than, the Date Certain.

SCHEDULE "M"

COMMISSIONING CONFIRMATION

Date: _____

**TO EACH OF THE PERSONS WHOSE NAME APPEARS
IN EXHIBIT "A" HERETO**

Re: The Financing of the Maritime Link – Conditions Precedent to Commissioning

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

The Collateral Agent hereby confirms that each of the conditions precedent set forth in Section 7.6 of the ML Credit Agreement has been met or waived by the Collateral Agent in accordance with the terms of the Collateral Agency Agreement and that, accordingly, the Commissioning Date shall be ●.

Yours truly,

[INTENTIONALLY LEFT BLANK]

The Toronto-Dominion Bank,
as Collateral Agent

Per: _____

Per: _____

EXHIBIT "A"

ADDRESSEES

ML FUNDING VEHICLE TRUST
c/o **BNY TRUST COMPANY OF CANADA**
as Issuer Trustee
320 Bay Street
11th Floor
Toronto, Ontario M5H 4A6

NSP MARITIME LINK
INCORPORATED
as Borrower
1223 Lower Water Street
Halifax, Nova Scotia B3J 3S8

SCHEDULE "N"

DISTRIBUTION CERTIFICATE

Date: Note 1

The Toronto-Dominion Bank

as Collateral Agent

TD Bank Tower

66 Wellington Street West

9th Floor

Toronto, Ontario M5K 1A2

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the **“Borrower”**), Maritime Link Financing Trust (the **“Lender”**) and The Toronto-Dominion Bank (the **"Collateral Agent"**) (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the **"ML Credit Agreement"**).

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

The Borrower wishes to make a Distribution in an amount of CDN\$_____ on _____ (the **"Distribution Date"**). This certificate is delivered to you pursuant to subsection 11.4 of the ML Credit Agreement.

I, ●, the undersigned, the ● of the Borrower, in my capacity as an officer of the Borrower and without personal liability, do hereby certify that:

1. As at the Distribution Date, the Distribution Funds will amount to CDN\$_____, which corresponds to the sum of the following items:
 - (a) cash in the Borrower Project Funding Account: CDN\$ Note 2
 - (b) cash in the Borrower Distribution Reserve Account: CDN\$_____

2. each of the Distribution Conditions has been met or will be met on the Distribution Date.

Signed at ●, this ● day of ●, ●.

Name: ●

Title: ● of NSP Maritime Link Incorporated

Name: ●

Notes:

1. The Distribution Certificate must be delivered to the Collateral Agent no less than five (5) Business Days prior to the Distribution Date.
2. This amount is determined after application of all amounts in the Borrower Project Funding Account pursuant to paragraphs (a) to (i) of clause 8.1.2.2 of the ML Credit Agreement.

SCHEDULE "O-1"**FINAL FUNDING REQUEST**

Date: _____

TO: THE TORONTO-DOMINION BANK, as Collateral Agent**TO: MWH Canada Inc.**, as Independent Engineer

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

This Final Funding Request is delivered to you pursuant to subsection 7.3.1 and 7.4.1 of the ML Credit Agreement.

The financial information contained in this Final Funding Request is being provided as at Note 1, being the Effective Date of this Final Funding Request.

As at the Effective Date, the Funding Requirements are CDN\$_____ and are to be funded as per the table below (see Exhibit "A" for the calculations of the Funding Requirements):

Sources of Funds for the Funding Requirements	
Application of Aggregate Borrower Project Funding Account Balances	CDN\$ _____ (see Exhibit "B" for details)
Debt Rateable Share of the Funding Requirements	CDN\$ _____ (see Exhibit "C" for details)
Equity Rateable Share of the Funding Requirements	CDN\$ _____ (see Exhibit "D" for details)

We hereby represent and warrant that, as at the Effective Date:

1. a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Funding Request provided during the previous month is provided in Exhibit "E" hereto;
2. Soft Costs incurred as at the Effective Date amount to CDN\$_____ and are calculated and described in Exhibit "A" hereto; and
3. no ML Event of Default has occurred and is continuing.

You will find attached all supporting documentation and information as will permit you to verify the statements, information and calculations contained herein. All of the information set forth herein and in all supporting documentation and information attached hereto is complete, correct and accurate in all material respects and we have no knowledge of any undisclosed fact which has or could materially affect the information set forth herein or in the supporting documentation and information attached hereto.

Yours truly,

**NSP MARITIME LINK
INCORPORATED**

Per: _____

Notes:

1. Specify the Effective Date, which date must be the day immediately preceding the date of this Final Funding Request.

EXHIBIT "A"**A. Calculation of Funding Requirements**

1. the Final Eligible Project Costs, plus any applicable Sales Taxes, amount to (see Section B below for details): CDN\$_____
2. the Minimum DSRA Requirement is CDN\$_____
3. the Funding Requirements amount to: CDN\$ **Note 1**
4. the Final Funding Rateable Share of the funding of the Final Eligible Project Costs is: **Note 2 %**
5. the Final Funding Rateable Share of the funding of the Minimum DSRA Requirement is: **Note 3 %**

B. Calculation of Final Eligible Project Costs

6. the Eligible Project Costs, plus any applicable Sales Taxes, remaining unpaid as at the Effective Date of this Final Funding Request (excluding the Minimum DSRA Requirement) (see Section C below for details): CDN\$_____

C. Calculation of the Project Costs

7. Hard Costs amount to (see Section D below for details): CDN\$_____
8. Soft Costs amount to (see Section E below for details): CDN\$_____
9. all other Project Costs amount to: CDN\$ **Note 4**
10. Project Costs amount to: CDN\$ **Note 5**

D. Calculation of the Hard Costs

11. cost of designing, equipping, procuring, constructing, Commissioning, starting up and testing the Project: CDN\$_____
12. cost of acquiring any of the ML Assets and Rights: CDN\$_____
13. real and personal property taxes (but excluding ad valorem taxes and Sales Taxes) and insurance premiums payable with respect to the Project during the Construction Period: CDN\$_____
14. initial working capital requirements of the Project as set forth in the Project Budget: CDN\$_____
15. costs of acquiring Authorizations for the Project: CDN\$_____

16. cost of establishing a spare parts inventory specifically for execution of the Project: CDN\$ _____
17. amounts spent out of the contingency allowances set forth in the Project Budget: CDN\$ _____
18. all amounts payable under Material Project Documents relating to the construction of the Project, as well as any other agreements with any other contractors supplying goods or services to the Project: CDN\$ _____
19. Hard Costs amount to: CDN\$ **Note 6**
- E. Calculation of the Soft Costs**
20. interest payable on the ML Construction Loan or Additional Debt and financing-related fees and costs, in each case incurred in connection with the ML Construction Loan or Additional Debt: CDN\$ **Note 7**
21. all general and administrative costs of the Borrower attributable to the Project as well as those of the Funding Vehicle, and more particularly the payments required to be made by the Administrator under the terms of the Administration Agreement: CDN\$ _____
22. all principal, interest, financing fees and related costs incurred in connection with Purchase Money Obligations and Capital Leases, in each case incurred in connection with the Project: CDN\$ _____
23. cost of funding the DSRA with the then applicable Minimum DSRA Requirement, by the Commissioning Date: CDN\$ _____
24. Soft Costs amount to: CDN\$ **Note 8**

Notes:

1. This amount is equal to the sum of lines 1 and 2 of this Exhibit.
2. The Final Funding Rateable Share of the funding of the Final Eligible Project Costs is determined by dividing line 1 of this Exhibit with line 3 of this Exhibit.
3. The Final Funding Rateable Share of the funding of the Minimum DSRA Requirement is determined by dividing line 2 of this Exhibit with line 3 of this Exhibit.

4. This amount includes all other costs, fees and expenses relating to the development, construction and closing of financing of the Project, including the capital costs of any structures, and all financial, legal and consulting fees, costs and expenses, including any bonus payable to any Material Project Participant under any Material Project Document and the fees, costs and expenses forming part of the Various Agent Costs and Expenses, the Canada Project Costs and Expenses, the Funding Vehicle Project Costs and Expenses and the Intermediary Trust Project Costs and Expenses, all as described in the Project Budget, whether such Project Costs are incurred by Emera prior to the Closing Date or by the Borrower at any time.
5. This amount is equal to the sum of lines 7 to 9 of this Exhibit, inclusively.
6. This amount is equal to the sum of lines 11 to 18 of this Exhibit, inclusively.
7. If the amortization of the ML Construction Loan has commenced prior to the Commissioning Date, any Sinking Fund Payment that needs to be made should also be included in this amount.
8. This amount is equal to the sum of lines 20 to 23 of this Exhibit, inclusively.

EXHIBIT "B"**A. Calculation of Aggregate Borrower Project Funding Account Balances**

1. the balance on deposit in the Borrower Project Funding Account, following the application of paragraphs 8.1.1.2, 8.1.1.3 and 8.1.1.4 of the ML Credit Agreement including, for greater certainty, any ML Income on Account Balances deriving therefrom: CDN\$ _____
2. the balance on deposit in the Borrower Disbursement Account, following the application of paragraph 8.4.1.2 of the ML Credit Agreement including, for greater certainty, any ML Income on Account Balances deriving therefrom: CDN\$ _____
3. the Aggregate Borrower Project Funding Account Balances is: CDN\$ **Note 1**

B. Portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements

4. the Funding Requirements are: CDN\$ **Note 2**
5. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: CDN\$ **Note 3**

C. Application of Aggregate Borrower Project Funding Account Balances to the funding of the Final Eligible Project Costs and the Minimum DSRA Requirement

6. the portion of the Aggregate Borrower Project Funding Account Balances attributable to the funding of the Final Eligible Project Costs CDN\$ **Note 4**
7. the portion of the Aggregate Borrower Project Funding Account Balances attributable to the funding of the Minimum DSRA Requirement is: CDN\$ **Note 5**

Notes:

1. This amount is equal to the sum of lines 1 and 2 of this Exhibit.
2. Insert the amount in line 3 of Exhibit "A".
3. This amount corresponds to the lesser of line 3 and line 4 of this Exhibit.
4. This amount is determined by multiplying line 4 of Exhibit "A" with line 5 of this Exhibit.

5. This amount is determined by multiplying line 5 of Exhibit "A" with line 5 of this Exhibit.

EXHIBIT "C"**A. The Debt Rateable Share of the Funding Requirements**

1. the Funding Requirements are: CDN\$ **Note 1**
2. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: CDN\$ **Note 2**
3. the portion of the Funding Requirements to which the Debt Rateable Share applies is: CDN\$ **Note 3**
4. the Additional Debt proposed to be incurred to fund the Funding Requirements is: CDN\$ **Note 4**
5. the aggregate of the Working Capital Reserve Account Balance to be used to fund the Final Funding Request pursuant to paragraph 8.10.3 of the ML Credit Agreement: CDN\$ _____
6. the Debt Rateable Share is: **Note 5%**
7. the Debt Rateable Share of the Funding Requirements is: CDN\$ **Note 6**

B. Application of the Debt Rateable Share of the Funding Requirements to the funding of the Final Eligible Project Costs and the Minimum DSRA Requirement

8. the funding of the Final Eligible Project Costs amounts to: CDN\$ **Note 7**
9. the funding of the Minimum DSRA Requirement amounts to: CDN\$ **Note 8**

C. Advance required under the ML Construction Facility

10. the aggregate amount to be Advanced under the ML Construction Facility is: CDN\$ **Note 9**

Notes:

1. Insert the amount in line 3 of Exhibit "A".
2. Insert the amount in line 5 of Exhibit "B".
3. This amount is determined by subtracting line 2 of this Exhibit from line 1 of this Exhibit.
4. Insert the amount of Additional Debt proposed to be incurred to fund the Funding Requirements.
5. (i) Where the funding of the Funding Requirements is made prior to the date on which DER first becomes equal to 70%, the Debt Rateable Share corresponds to 100%.

(ii) Where the funding of the Funding Requirements is made following the date on which DER first becomes equal to 70% but prior to the ML Construction Facility being fully disbursed, the Debt Rateable Share corresponds to the following:

$$\left[\text{the lesser of (i) 100\% and (ii) 70\% plus the difference, if any, between 70\% and the DER}^1 \right]$$

unless, as a result of this calculation, the Borrower is unable to fund such Debt Rateable Share of the Funding Requirements in its entirety by reason of (a) the Available ML Construction Facility being exhausted further to the Advance requested to fund such Debt Rateable Share of the Funding Requirements and (b) the Borrower not proposing to incur Additional Debt in an amount sufficient to fund the remaining portion of the Debt Rateable Share of the Funding Requirements, in which case the Debt Rateable Share shall correspond to the following:

$$\left[\text{the lesser of (i) 100\% and (ii) 70\% plus the difference, if any, between 70\% and the DER}^1 \right] - 100 \times \left[\frac{R^* - \text{line 4 of this Exhibit} - \text{line 10 of this Exhibit}}{\text{line 3 of this Exhibit} - \text{line 2 of this Exhibit} - \text{line 5 of this Exhibit}} \right]$$

$$*R = \left[\text{the lesser of (i) 100\% and (ii) 70\% plus the difference, if any, between 70\% and the DER}^1 \right] \times \text{line 3 of this Exhibit}$$

6. This amount is determined by multiplying line 6 of this Exhibit with line 3 of this Exhibit.
7. This amount is determined by multiplying line 4 of Exhibit "A" with line 7 of this Exhibit.
8. This amount is determined by multiplying line 5 of Exhibit "A" with line 7 of this Exhibit.
9. This amount is determined by subtracting line 4 of this Exhibit and line 5 of this Exhibit from line 7 of this Exhibit. Where this calculation results in the aggregate amount to be Advanced under the ML Construction Facility being greater than the Available ML Construction Facility, the amount to be inserted in line 10 of this Exhibit shall be equal to the Available ML Construction Facility.

¹ The Advance made under the ML Construction Facility or the Additional Debt incurred in connection with the funding of the Funding Requirements shall not be taken into account when calculating the DER.

EXHIBIT "D"**A. The Equity Rateable Share of the Funding Requirements**

1. the Funding Requirements are: CDN\$ **Note 1**
2. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: CDN\$ **Note 2**
3. the portion of the Funding Requirements to which the Equity Rateable Share applies is: CDN\$ **Note 3**
4. the Equity Rateable Share is: **Note 4%**
5. the Equity Rateable Share of the Funding Requirements is: CDN\$ **Note 5**
6. the amount of the equity Investment in the Borrower made in accordance with paragraph 7.7.1.2 of the ML Credit Agreement: CDN\$ _____

B. Application of the Equity Rateable Share of the Funding Requirements to the funding of the Final Eligible Project Costs and the Minimum DSRA Requirement

7. the funding of the Final Eligible Project Costs amounts to: CDN\$ **Note 6**
8. the funding of the Minimum DSRA Requirement amounts to: CDN\$ **Note 7**

C. Base Equity Contribution Required

9. The Base Equity Contribution required is: CDN\$ **Note 8**

Notes:

1. Insert the amount in line 3 of Exhibit "A".
2. Insert the amount in line 5 of Exhibit "B".
3. This amount is determined by subtracting line 2 of this Exhibit from line 1 of this Exhibit.
4. The Equity Rateable Share corresponds to 100% minus line 6 of Exhibit "C".
5. This amount is determined by multiplying line 4 of this Exhibit with line 3 of this Exhibit.
6. This amount is determined by multiplying line 4 of Exhibit "A" with line 5 of this Exhibit.

7. This amount is determined by multiplying line 5 of Exhibit "A" with line 5 of this Exhibit.
8. This amount is determined by subtracting line 6 of this Exhibit from line 5 of this Exhibit.

EXHIBIT "E"

[NOTE TO DRAFT: Please provide a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Funding Request provided during the prior month.]

SCHEDULE "O-2"**POST-COMMISSIONING FUNDING REQUEST**

Date: _____

TO: THE TORONTO-DOMINION BANK, as Collateral Agent**TO: MWH Canada Inc.**, as Independent Engineer

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

This Post-Commissioning Funding Request is delivered to you pursuant to subsection 7.5.1 of the ML Credit Agreement.

The financial information contained in this Post-Commissioning Funding Request is being provided as at Note 1, being the Effective Date of this Post-Commissioning Funding Request.

As at the Effective Date, the Funding Requirements are CDN\$_____ and are to be funded as per the table below (see Exhibit "A" for the calculations of the Funding Requirements):

Sources of Funds for the Funding Requirements	
Application of Aggregate Borrower Project Funding Account Balances	CDN\$ _____ (see Exhibit "B" for details)
Debt Rateable Share of the Funding Requirements	CDN\$ _____ (see Exhibit "C" for details)
Equity Rateable Share of the Funding Requirements	CDN\$ _____ (see Exhibit "D" for details)

We hereby represent and warrant that, as at the Effective Date:

1. the Permitted Investments made with the funds in the Borrower Project Accounts are described in Exhibit "E" hereto;
2. a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Funding Request provided during the previous month is provided in Exhibit "F" hereto;
3. Soft Costs incurred as at the Effective Date amount to CDN\$_____ and are calculated and described in Exhibit "A" hereto; and
4. no ML Event of Default has occurred and is continuing.

You will find attached all supporting documentation and information as will permit you to verify the statements, information and calculations contained herein. All of the information set forth herein and in all supporting documentation and information attached hereto is complete, correct and accurate in all material respects and we have no knowledge of any undisclosed fact which has or could materially affect the information set forth herein or in the supporting documentation and information attached hereto.

[INTENTIONALLY LEFT BLANK]

Yours truly,

NSP MARITIME LINK
INCORPORATED

Per: _____

Notes:

1. Specify the Effective Date, which date must be the day immediately preceding the date of this Post-Commissioning Funding Request

EXHIBIT "A"

A. Calculation of Funding Requirements

1. the Funding Requirements amount to the Post-Commissioning Eligible Project Costs, plus any applicable Sales Taxes, as at the Effective Date (see Section B below for details): CDN\$_____

B. Calculation of Post-Commissioning Eligible Project Costs

2. the aggregate amount required by the Borrower to pay for Project Costs, plus any applicable Sales Taxes, incurred to and invoiced by (or expected to be incurred to and invoiced by) the Post-Commissioning Drawdown Date to which this Post-Commissioning Funding Request relates is (see Section C below for details of Project Costs): CDN\$_____

C. Calculation of the Project Costs

3. Hard Costs amount to: CDN\$_____

4. Soft Costs amount to: CDN\$_____

5. all other Project Costs amount to: CDN\$ Note 1

6. Project Costs amount to: CDN\$ Note 2

D. Calculation of the Hard Costs

7. cost of designing, equipping, procuring, constructing, Commissioning, starting up and testing the Project: CDN\$_____

8. cost of acquiring any of the ML Assets and Rights: CDN\$_____

9. real and personal property taxes (but excluding ad valorem taxes and Sales Taxes) and insurance premiums payable with respect to the Project during the Construction Period: CDN\$_____

10. initial working capital requirements of the Project as set forth in the Project Budget: CDN\$_____

11. costs of acquiring Authorizations for the Project: CDN\$_____

12. cost of establishing a spare parts inventory specifically for execution of the Project: CDN\$_____

13. amounts spent out of the contingency allowances set forth in the Project Budget: CDN\$ _____

14. all amounts payable under Material Project Documents relating to the construction of the Project, as well as any other agreements with any other contractors supplying goods or services to the Project: CDN\$ _____

15. cost of funding the Punch List Costs: CDN\$ _____

16. cost of funding the Demobilization Costs: CDN\$ _____

17. Hard Costs amount to: CDN\$ **Note 3**

E. Calculation of the Soft Costs

18. interest payable on the ML Construction Loan or Additional Debt and financing-related fees and costs, in each case incurred in connection with the ML Construction Loan or Additional Debt: CDN\$ _____

19. all general and administrative costs of the Borrower attributable to the Project as well as those of the Funding Vehicle, and more particularly the payments required to be made by the Administrator under the terms of the Administration Agreement: CDN\$ _____

20. all principal, interest, financing fees and related costs incurred in connection with Purchase Money Obligations and Capital Leases, in each case incurred in connection with the Project: CDN\$ _____

21. any Sinking Fund Payment required to be made: CDN\$ _____

22. cost of funding the DSRA with the then applicable Minimum DSRA Requirement, by the Commissioning Date: CDN\$ _____

23. Soft Costs amount to: CDN\$ **Note 4**

Notes:

- 1. This amount includes all other costs, fees and expenses relating to the development, construction and closing of financing of the Project, including the capital costs of any structures, and all financial, legal and consulting fees, costs and expenses, including any bonus payable to any Material Project Participant under any Material Project Document and the fees, costs and expenses forming part of the Various Agent Costs and Expenses,

the Canada Project Costs and Expenses, the Funding Vehicle Project Costs and Expenses and the Intermediary Trust Project Costs and Expenses, all as described in the Project Budget, whether such Project Costs are incurred by Emera prior to the Closing Date or by the Borrower at any time.

2. This amount is equal to the sum of lines 3 to 5 of this Exhibit, inclusively.
3. This amount is equal to the sum of lines 7 to 16 of this Exhibit, inclusively.
4. This amount is equal to the sum of lines 18 to 22 of this Exhibit, inclusively.

EXHIBIT "B"

A. Calculation of Aggregate Borrower Project Funding Account Balances

1. the balance on deposit in the Borrower Project Funding Account, following the application of clauses (a)-(i) of paragraph 8.1.2.2 of the ML Credit Agreement including, for greater certainty, any ML Income on Account Balances deriving therefrom: CDN\$ _____

2. the balance on deposit in the Borrower Disbursement Account, following the application of paragraph 8.4.2.1 of the ML Credit Agreement, including, for greater certainty, any ML Income on Account Balances deriving therefrom: CDN\$ _____

3. the Aggregate Borrower Project Funding Account Balances is: CDN\$ Note 1

B. Application of the Aggregate Borrower Project Funding Account Balances to the funding of the Funding Requirements

4. the Funding Requirements are: CDN\$ Note 2

5. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: CDN\$ Note 3

Notes:

- 1. This amount is equal to the sum of lines 1 and 2 of this Exhibit.
- 2. Insert the amount in line 1 of Exhibit "A".
- 3. This amount corresponds to the lesser of line 3 and line 4 of this Exhibit.

EXHIBIT "C"**A. The Debt Rateable Share of the Funding Requirements**

1. the Funding Requirements are: **CDN\$ Note 1**
2. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: **CDN\$ Note 2**
3. the portion of the Funding Requirements to which the Debt Rateable Share applies is: **CDN\$ Note 3**
4. the Additional Debt proposed to be incurred to fund the Funding Requirements is: **CDN\$ Note 4**
5. the Debt Rateable Share is: **Note 5 %**
6. the Debt Rateable Share of the Funding Requirements is: **CDN\$ Note 6**

B. Aggregate amount to be Advanced under the ML Construction Facility

7. the aggregate amount to be Advanced under the ML Construction Facility is: **CDN\$ Note 7**

Notes:

1. Insert the amount in line 1 of Exhibit "A".
2. Insert the amount in line 5 of Exhibit "B".
3. This amount is determined by subtracting line 2 of this Exhibit from line 1 of this Exhibit.
4. Insert the amount of Additional Debt proposed to be incurred to fund the Funding Requirements.
5. (i) Where the funding of the Funding Requirements is made prior to the date on which DER first becomes equal to 70%, the Debt Rateable Share corresponds to 100%.

(ii) Where the funding of the Funding Requirements is made following the date on which DER first becomes equal to 70% but prior to the ML Construction Facility being fully disbursed, the Debt Rateable Share corresponds to the following:

$$\left[\text{the lesser of (i) 100\% and (ii) 70\% plus the difference, if any, between 70\% and the DER}^1 \right]$$

unless, as a result of this calculation, the Borrower is unable to fund such Debt Rateable Share of the Funding Requirements in its entirety by reason of (a) the Available ML Construction Facility being exhausted further to the Advance requested to fund such Debt Rateable Share of the Funding Requirements and (b) the Borrower not proposing to incur Additional Debt in an amount sufficient to fund the remaining portion of the Debt Rateable Share of the Funding Requirements, in which case the Debt Rateable Share shall correspond to the following:

$$\left[\text{the lesser of (i) 100\% and (ii) 70\% plus the difference, if any, between 70\% and the DER}^1 \right] - 100 \times \left[\frac{R^* - \text{line 4 of this Exhibit} - \text{line 7 of this Exhibit}}{\text{line 3 of this Exhibit} - \text{line 2 of this Exhibit}} \right]$$

$$*R = \left[\text{the lesser of (i) 100\% and (ii) 70\% plus the difference, if any, between 70\% and the DER}^1 \right] \times \text{line 3 of this Exhibit}$$

6. This amount is determined by multiplying line 6 of this Exhibit with line 3 of this Exhibit.
7. This amount is determined by subtracting line 4 of this Exhibit from line 6 of this Exhibit. Where this calculation results in the aggregate amount to be Advanced under the ML Construction Facility being greater than the Available ML Construction Facility, the amount to be inserted in line 7 of this Exhibit shall be equal to the Available ML Construction Facility.

¹ The Advance made under the ML Construction Facility or the Additional Debt incurred in connection with the funding of the Funding Requirements shall not be taken into account when calculating the DER.

EXHIBIT "D"**A. Equity Rateable Share of the Funding Requirements**

1. the Funding Requirements are: CDN\$ Note 1
2. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: CDN\$ Note 2
3. the portion of the Funding Requirements to which the Equity Rateable Share applies is: CDN\$ Note 3
4. the Equity Rateable Share is: Note 4 %
5. the Equity Rateable Share of the Funding Requirements is: CDN\$ Note 5
6. the amount of the equity Investment in the Borrower made in accordance with paragraph 7.7.1.2 of the ML Credit Agreement: CDN\$ _____

B. Base Equity Contribution Required

7. The Base Equity Contribution required is: CDN\$ Note 6

Notes:

1. Insert the amount in line 1 of Exhibit "A".
2. Insert the amount in line 5 of Exhibit "B".
3. This amount is determined by subtracting line 2 of this Exhibit from line 1 of this Exhibit.
4. The Equity Rateable Share corresponds to 100% minus line 6 of Exhibit "C".
5. This amount is determined by multiplying line 4 of this Exhibit with line 3 of this Exhibit.
6. This amount is determined by subtracting line 6 of this Exhibit from line 5 of this Exhibit.

EXHIBIT "E"

[NOTE TO DRAFT: Please include details regarding the Permitted Investments.]

EXHIBIT "F"

[NOTE TO DRAFT: Please provide a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Funding Request provided during the prior month.]

SCHEDULE "P"**FUNDING REQUEST**

Date: _____

TO: THE TORONTO-DOMINION BANK, as Collateral Agent**TO: MWH Canada Inc.**, as Independent Engineer

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

This Funding Request is delivered to you pursuant to subsection 7.3.1 of the ML Credit Agreement.

The financial information contained in this Funding Request is being provided as at Note 1, being the Effective Date of this Funding Request.

As at the Effective Date, the Funding Requirements are CDN\$_____ and are to be funded as per the table below (see Exhibit "A" for the calculations of the Funding Requirements):

Sources of Funds for the Funding Requirements	
Application of Aggregate Borrower Project Funding Account Balances	CDN\$ _____ (see Exhibit "B" for details)
Debt Rateable Share of the Funding Requirements	CDN\$ _____ (see Exhibit "C" for details)
Equity Rateable Share of the Funding Requirements	CDN\$ _____ (see Exhibit "D" for details)

We hereby represent and warrant that, as at the Effective Date:

1. the Permitted Investments made with the funds in the Borrower Project Accounts are described in Exhibit "E" hereto;
2. a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Funding Request provided during the previous month is provided in Exhibit "F" hereto;
3. Soft Costs incurred as at the Effective Date amount to CDN\$_____ and are calculated and described in Exhibit "A" hereto; and
4. no ML Event of Default has occurred and is continuing.

You will find attached all supporting documentation and information as will permit you to verify the statements, information and calculations contained herein. All of the information set forth herein and in all supporting documentation and information attached hereto is complete, correct and accurate in all material respects and we have no knowledge of any undisclosed fact which has or could materially affect the information set forth herein or in the supporting documentation and information attached hereto.

[INTENTIONALLY LEFT BLANK]

Yours truly,

NSP MARITIME LINK
INCORPORATED

Per: _____

Notes:

1. Specify the Effective Date, which date must be the day immediately preceding the date of this Funding Request

EXHIBIT "A"**A. Calculation of Funding Requirements**

1. the Funding Requirements amount to the Eligible Project Costs, plus any applicable Sales Taxes, as at the Effective Date (see Section B below for details): CDN\$_____

B. Calculation of Eligible Project Costs

2. the aggregate amount required by the Borrower to pay for Project Costs, plus any applicable Sales Taxes, incurred to and invoiced by (or expected to be incurred to and invoiced by) the ML Drawdown Date to which this Funding Request relates is (see Section C below for details of Project Costs): CDN\$_____

C. Calculation of the Project Costs

3. Hard Costs amount to (see Section D below for details): CDN\$_____
4. Soft Costs amount to (see Section E below for details): CDN\$_____
5. all other Project Costs amount to: CDN\$ **Note 1**
6. Project Costs amount to: CDN\$ **Note 2**

D. Calculation of the Hard Costs

7. cost of designing, equipping, procuring, constructing, Commissioning, starting up and testing the Project: CDN\$_____
8. cost of acquiring any of the ML Assets and Rights: CDN\$_____
9. real and personal property taxes (but excluding ad valorem taxes and Sales Taxes) and insurance premiums payable with respect to the Project during the Construction Period: CDN\$_____
10. initial working capital requirements of the Project as set forth in the Project Budget: CDN\$_____
11. costs of acquiring Authorizations for the Project: CDN\$_____
12. cost of establishing a spare parts inventory specifically for execution of the Project: CDN\$_____
13. amounts spent out of the contingency allowances set forth in the Project Budget: CDN\$_____

14. all amounts payable under Material Project Documents relating to the construction of the Project, as well as any other agreements with any other contractors supplying goods or services to the Project: CDN\$ _____

15. Hard Costs amount to: CDN\$ Note 3

E. Calculation of the Soft Costs

16. interest payable on the ML Construction Loan or Additional Debt and financing-related fees and costs, in each case incurred in connection with the ML Construction Loan or Additional Debt: CDN\$ _____

17. all general and administrative costs of the Borrower attributable to the Project as well as those of the Funding Vehicle, and more particularly the payments required to be made by the Administrator under the terms of the Administration Agreement: CDN\$ _____

18. all principal, interest, financing fees and related costs incurred in connection with Purchase Money Obligations and Capital Leases, in each case incurred in connection with the Project: CDN\$ _____

19. cost of funding the DSRA with the then applicable Minimum DSRA Requirement, by the Commissioning Date: CDN\$ _____

20. Soft Costs amount to: CDN\$ Note 4

F. Calculation of Working Capital Reserve Funding

21. Working Capital Reserve Account Balance as at the Effective Date: CDN\$ _____

22. the portion of the Working Capital Reserve Account Balance used to fund the Funding Requirements is: CDN\$ _____

23. the maximum funding of the Working Capital Reserve Account available pursuant to this Funding Request: CDN\$ Note 5

24. the aggregate amount to be funded to the Working Capital Reserve Account pursuant to this Funding Request: CDN\$ Note 6

Notes:

1. This amount includes all other costs, fees and expenses relating to the development, construction and closing of financing of the Project, including the capital costs of any structures, and all financial, legal and consulting fees, costs and expenses, including any bonus payable to any Material Project Participant under any Material Project Document and the fees, costs and expenses forming part of the Various Agent Costs and Expenses, the Canada Project Costs and Expenses, the Funding Vehicle Project Costs and Expenses and the Intermediary Trust Project Costs and Expenses, all as described in the Project Budget, whether such Project Costs are incurred by Emera prior to the Closing Date or by the Borrower at any time.
2. This amount is equal to the sum of lines 3 to 5 of this Exhibit, inclusively.
3. This amount is equal to the sum of lines 7 to 14 of this Exhibit, inclusively.
4. This amount is equal to the sum of lines 16 to 19 of this Exhibit, inclusively.
5. This amount is determined by subtracting line 21 of this Exhibit from the sum of the Maximum WCR Amount and line 22 of this Exhibit.
6. This amount cannot exceed the amount in line 23 of this Exhibit.

EXHIBIT "B"**A. Calculation of Aggregate Borrower Project Funding Account Balances**

1. the balance on deposit in the Borrower Project Funding Account, following the application of paragraphs 8.1.1.2, 8.1.1.3 and 8.1.1.4 of the ML Credit Agreement including, for greater certainty, any ML Income on Account Balances deriving therefrom: CDN\$ _____
2. the balance on deposit in the Borrower Disbursement Account, following the application of paragraph 8.4.1.2 of the ML Credit Agreement, including, for greater certainty, any ML Income on Account Balances deriving therefrom: CDN\$ _____
3. the Aggregate Borrower Project Funding Account Balances is: CDN\$ Note 1

B. Application of the Aggregate Borrower Project Funding Account Balances to the funding of the Funding Requirements

4. the Funding Requirements are: CDN\$ Note 2
5. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: CDN\$ Note 3

Notes:

1. This amount is equal to the sum of lines 1 and 2 of this Exhibit.
2. Insert the amount in line 1 of Exhibit "A".
3. This amount corresponds to the lesser of line 3 and line 4 of this Exhibit.

EXHIBIT "C"**A. The Debt Rateable Share of the Funding Requirements**

1. the Funding Requirements are: **CDN\$ Note 1**
2. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: **CDN\$ Note 2**
3. the portion of the Funding Requirements to which the Debt Rateable Share applies is: **CDN\$ Note 3**
4. the Additional Debt proposed to be incurred to fund the Funding Requirements is: **CDN\$ Note 4**
5. the portion of the Working Capital Reserve Account Balance used to fund the Funding Requirements: **CDN\$ Note 5**
6. the Debt Rateable Share is: **Note 6 %**
7. the Debt Rateable Share of the Funding Requirements is: **CDN\$ Note 7**

B. Aggregate amount to be Advanced under the ML Construction Facility

8. the aggregate amount to be Advanced under the ML Construction Facility is: **CDN\$ Note 8**

Notes:

1. Insert the amount in line 1 of Exhibit "A".
2. Insert the amount in line 5 of Exhibit "B".
3. This amount is determined by subtracting line 2 of this Exhibit from line 1 of this Exhibit.
4. Insert the amount of Additional Debt proposed to be incurred to fund the Funding Requirements.
5. Insert the amount in line 22 of Exhibit "A".
6. (i) Where the funding of the Funding Requirements is made prior to the date on which DER first becomes equal to 70%, the Debt Rateable Share corresponds to 100%.

(ii) Where the funding of the Funding Requirements is made following the date on which DER first becomes equal to 70% but prior to the ML Construction Facility being fully disbursed, the Debt Rateable Share corresponds to the following:

$$\left[\text{the lesser of (i) 100\% and (ii) 70\% plus the difference, if any, between 70\% and the DER}^1 \right]$$

unless, as a result of this calculation, the Borrower is unable to fund such Debt Rateable Share of the Funding Requirements in its entirety by reason of (a) the Available ML Construction Facility being exhausted further to the Advance requested to fund such Debt Rateable Share of the Funding Requirements and (b) the Borrower not proposing to incur Additional Debt in an amount sufficient to fund the remaining portion of the Debt Rateable Share of the Funding Requirements, in which case the Debt Rateable Share shall correspond to the following:

$$\left[\begin{array}{l} \text{the lesser of (i) 100\% and} \\ \text{(ii) 70\% plus the difference,} \\ \text{if any, between 70\% and the} \\ \text{DER}^1 \end{array} \right] - 100 \times \left[\begin{array}{l} \text{R* - line 4 of this Exhibit - line 8 of this Exhibit} \\ \text{line 3 of this Exhibit - line 2 of this Exhibit} \\ \text{- line 5 of this Exhibit} \end{array} \right]$$

$$*R = \left[\begin{array}{l} \text{the lesser of (i) 100\% and (ii) 70\% plus} \\ \text{the difference, if any, between 70\% and} \\ \text{the DER}^1 \end{array} \right] \times \text{line 3 of this Exhibit}$$

7. This amount is determined by multiplying line 6 of this Exhibit with line 3 of this Exhibit.
8. This amount is determined by subtracting line 4 of this Exhibit and line 5 of this Exhibit from line 7 of this Exhibit. Where this calculation results in the aggregate amount to be Advanced under the ML Construction Facility being greater than the Available ML Construction Facility, the amount to be inserted in line 8 of this Exhibit shall be equal to the Available ML Construction Facility.

¹ The Advance made under the ML Construction Facility or the Additional Debt incurred in connection with the funding of the Funding Requirements shall not be taken into account when calculating the DER.

EXHIBIT "D"**A. Equity Rateable Share of the Funding Requirements**

1. the Funding Requirements are: CDN\$ Note 1
2. the portion of the Aggregate Borrower Project Funding Account Balances used to fund the Funding Requirements is: CDN\$ Note 2
3. the portion of the Funding Requirements to which the Equity Rateable Share applies is: CDN\$ Note 3
4. the Equity Rateable Share is: Note 4 %
5. the Equity Rateable Share of the Funding Requirements is: CDN\$ Note 5
6. the amount of the equity Investment in the Borrower made in accordance with paragraph 7.7.1.2 of the ML Credit Agreement: CDN\$ _____

B. Base Equity Contribution Required

7. The Base Equity Contribution required is: CDN\$ Note 6

Notes:

1. Insert the amount in line 1 of Exhibit "A".
2. Insert the amount in line 5 of Exhibit "B".
3. This amount is determined by subtracting line 2 of this Exhibit from line 1 of this Exhibit.
4. The Equity Rateable Share corresponds to 100% minus line 6 of Exhibit "C".
5. This amount is determined by multiplying line 4 of this Exhibit with line 3 of this Exhibit.
6. This amount is determined by subtracting line 6 of this Exhibit from line 5 of this Exhibit.

EXHIBIT "E"

[NOTE TO DRAFT: Please include details regarding the Permitted Investments.]

EXHIBIT "F"

[NOTE TO DRAFT: Please provide a reconciliation of amounts disbursed from the Borrower Project Funding Account to amounts set forth and approved in any Funding Request provided during the previous month.]

SCHEDULE “Q”

INDEPENDENT ENGINEER’S CONFIRMATION

This Draw Confirmation Certificate is provided by MWH Canada, Inc. (the “**Independent Engineer**”) to The Toronto-Dominion Bank (the “**Collateral Agent**”) in connection with the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the “**Borrower**”), Maritime Link Financing Trust (the “**Lender**”) and the Collateral Agent (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the “**ML Credit Agreement**”).

Capitalized terms used in this Draw Confirmation Certificate not defined herein shall have the meanings assigned to them in Exhibit A of the ML Credit Agreement.

The Independent Engineer has (i) discussed matters believed pertinent to this Draw Confirmation Certificate with the Borrower and any relevant Material Project Participants, (ii) made such other inquiries as we have determined appropriate and (iii) reviewed:

- (a) the Construction Report dated _____ (the “**Construction Report**”); and
- (b) the Borrower’s funding request dated _____ (the “**Funding Request**”).

On the basis of the foregoing limited review procedures and on the understanding and assumption that the factual information contained in the Construction Report and Funding Request is true, correct and complete in all material respects, the Independent Engineer makes the following statements in favour of the Collateral Agent and to the best of its knowledge, information and belief, as of the date hereof that:

- 1. Construction of the Project is progressing in a satisfactory manner and in accordance with the terms of the applicable Material Project Documents with the following exceptions:

[_____]

- 2. All payments to the Material Project Participants to be paid with the proceeds of the ML Construction Loan (including any payments using advances from the Working Capital Reserve Account during the period from the last Draw Confirmation Certificate to this Draw Confirmation Certificate) requested to be made pursuant to the Funding Request are allowed under the payment terms of the applicable Material Project Documents and the ML Credit Agreement as to the advance requirements of Section 7.3/7.5, as applicable, with the following exceptions:

[_____]

- 3. Assuming the Borrower exercises proper engineering and construction management throughout the remainder of the Project, we have no reason to believe that the Commissioning Date will not occur prior to the Date Certain, or that the total Project Costs will exceed [\$_____] with the following exceptions:

[_____]
 _____]

This Draw Confirmation Certificate is solely for the information and assistance of the Collateral Agent, the Lender and Canada in connection with the Funding Request and shall not be used, circulated or relied upon for any other purpose or by any other party.

Dated: _____

MWH CANADA, INC.

By: _____

Title: _____

SCHEDULE "R"**ML COMPLIANCE CERTIFICATE**

Date: _____

The Toronto-Dominion Bank

as Collateral Agent

TD Bank Tower

66 Wellington Street West

9th Floor

Toronto, Ontario M5K 1A2

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

This certificate is delivered to you pursuant to subsection 11.1.3 of the ML Credit Agreement.

I, ●, the ● of the Borrower, in my capacity as an officer of the Borrower and without personal liability, do hereby certify that:

1. I have taken cognizance of the ML Credit Agreement and each of the other ML Project Finance Documents, and all of the terms, representations and warranties, covenants and conditions of the ML Credit Agreement and each of the other ML Project Finance Documents to be performed or complied with by the Borrower at or prior to the date thereof have been performed or complied with;
2. I have taken cognizance and reviewed the transactions, operations and status of business of the Borrower, since the **[last issuance of a compliance certificate under the ML Credit Agreement / Closing Date]** and all conditions and requirements of the ML Project Finance Agreement and of the other ML Project Finance Documents and of all other deeds or agreements governing the borrowings of the Borrower, have been accomplished and satisfied and I do not know of the existence, as of the date hereof, of a condition or of any fact whatsoever, constituting a ML Event of Default that is continuing. **[If such condition exists or has existed during the period covered by the certificate, then the undersigned shall, in Exhibit "A" attached hereto, specify its nature and duration and describe the measures taken or intended to be taken to remedy the ML Event of Default];**

3. to my Knowledge, except as otherwise disclosed to the Collateral Agent in writing, the representations and warranties set forth in Article 9 of the ML Credit Agreement are still true and correct in all material respects as of the date of this certificate (except in the case of representations stated to be as of a specific date) with the same force and effect as if made at and as of such date;
4. The information and the Financial Statements attached hereto for the fiscal **[quarter/year]** ended ● (the "Quarter" or the "Year") are complete and correct in all material respects and present fairly, in accordance with GAAP, the unconsolidated or consolidated, as the case may be, financial position of the Borrower as at the end of such Quarter, subject only to normal year-end auditing adjustments, or as at the end of such Year, as the case may be;
5. As at _____, 20__, being the last day of the **[Quarter/Year]** immediately preceding the date of this certificate, the Retrospective DSCR, calculated on a rolling twelve (12) month period, was _____, and is calculated as follows¹:

- (i) the Base Cash Flow of the Borrower for the period of the most recently completed twelve (12) calendar months (line (a) + line (b) – line (c)): CDN\$_____
- (a) ML Project Revenues CDN\$_____
- (b) Liquidity Reserves CDN\$_____
- (c) Cash Operating Costs CDN\$_____
- (ii) the Total Debt Service for the period of the most recently completed twelve (12) calendar months: CDN\$ **Note 1**

Retrospective DSCR = $\frac{(i)}{(ii)}$ = _____

6. As at _____, 20__, being the last day of the **[Quarter/Year]** immediately preceding the date of this certificate, the Prospective DSCR was _____, and is calculated as follows:
- (i) the Base Cash Flow of the Borrower for the period of the twelve (12) calendar months immediately following the date of this certificate (line (a) + line (b) – line (c)): CDN\$_____
- (a) ML Project Revenues CDN\$_____

¹ When calculating the Retrospective DSCR prior to the completion of twelve (12) full calendar months commencing after the Commissioning Date, the completed months that commenced after such date and ended on or prior to the date of calculation are to be taken into account and the Retrospective DSCR will be calculated on an annualized basis with such months.

(b) Liquidity Reserves CDNS\$_____

(c) Cash Operating Costs CDNS\$_____

(ii) the Total Debt Service for such period: CDNS\$ **Note 1**

Prospective DSCR = (i) = _____
(ii)

Notes:

1. Where the period includes the maturity of any tranche of the ML Construction Loan, there shall be excluded from the calculation of Total Debt Service the principal amount payable or, as the case may be, paid on the applicable FV Bond Maturity Date.

Signed at ●, this ● day of ●, ●.

Name:

Title: ● of NSP Maritime Link Incorporated

EXHIBIT "A"

CONDITIONS CONSTITUTING A ML EVENT OF DEFAULT

[NOTE TO DRAFT: Delete if not applicable.]

SCHEDULE "S"

ML DRAW REQUEST

Date: **Note 1**

The Toronto-Dominion Bank

as Collateral Agent

TD Bank Tower

66 Wellington Street West

9th Floor

Toronto, Ontario M5K 1A2

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

Pursuant to subsection 2.5 of the ML Credit Agreement, the Borrower hereby requests a ML Drawdown under the ML Construction Facility in an amount of CDN\$ Note 2 on Note 3.

For that purpose, we hereby represent and warrant that each and every one of the representations and warranties made under the ML Credit Agreement are true and correct on the date of this ML Draw Request, except to the extent that any such representation or warranty expressly relates to a particular date, in which case such representation or warranty is true and correct as at such date.

We further represent and warrant that no ML Event of Default has occurred and is continuing.

Yours truly,

NSP MARITIME LINK
INCORPORATED

Per: _____

Notes:

1. ML Draw Request must be delivered at least five (5) Business Days prior to the ML Drawdown Date.

2. Insert the amount of the requested ML Drawdown. The ML Drawdown will be apportioned rateably amongst each tranche of the ML Construction Facility.
3. Insert proposed ML Drawdown Date.

SCHEDULE "T"**KEY SITES****Newfoundland and Labrador**

Real property rights for the following facilities will be acquired by the Proponent via grant from Her Majesty the Queen in Right of Newfoundland and Labrador (the “**NL Crown**”) of title in fee simple pursuant to the *Lands Act*, S.N.L. 1991, c. 36, or by expropriation of fee simple from private land owners pursuant to the *Muskrat Falls Project Land Use and Expropriation Act*, S.N.L. 2012, c. M-25 (the “**MF Act**”):

Facility	Location	Interest	Acquired from
Transition Compound, Anchor Site and land route to the high water mark, shoreline reservation, water lot	Cape Ray, NL	Fee Simple	NL Crown
Grounding Site to the high water mark, shoreline reservation, water lot	Indian Head, NL	Fee Simple	Expropriation from private land owners, NL Crown
Converter Station	Bottom Brook, NL	Fee Simple	NL Crown
Switch Yard	Granite Canal, NL	Fee Simple	NL Crown

Nova Scotia

Real property rights for the following facilities will be acquired via acquisition from Nova Scotia Power Incorporated (“**NSPI**”) of title in fee simple or by grant of a leasehold interest by the Her Majesty the Queen in Right of Nova Scotia (the “**NS Crown**”):

Facility	Location	Interest	Acquired from
Transition Compound and Anchor Site	Point Aconi, NS	Fee Simple	NSPI
Grounding Site, water lot	Big Lorraine, NS	Leasehold	NS Crown
Converter Station and Transition Compound	Woodbine, NS	Fee Simple	NSPI

Other Freehold Lands

PID	Acquired from
15867120	[REDACTED]
15621139	[REDACTED]
15058670	[REDACTED]
15085632	[REDACTED]
15250665	[REDACTED]
15833619	[REDACTED]

SCHEDULE "U"

PROJECT BUDGET

(See attached)

PART I**HARD COSTS**

Description	Budget (\$ 000's)
AC and DC transmission	308,370
Converters, structures, and other ancillary equipment	574,459
Submarine and related	306,207
Project management and other	213,964

Subtotal: 1,403,000Escalation and Contingency: 174,354Total Capital Cost Estimate: \$ 1,577,354

PART II

SOFT COSTS

On the date indicated below, the Borrower has delivered this Part II of Schedule "U" and the attached information and documents to the Collateral Agent pursuant to Section 10.29 of the ML Credit Agreement.

Executed as of _____.

Yours truly,

**NSP MARITIME LINK
INCORPORATED**

Per: _____

Per: _____

SCHEDULE "V"**PROJECT SCHEDULE**

Milestone Description	Date
Approval to Construct (DG3)	Feb 28, 2014
NS HVDC Transmission Line Construction Complete and Connected	Aug 10, 2015
NL HVDC Transmission Line Construction Complete and Connected	Sept 7, 2016
Granite Canal Switchyard Ready for Operation	Apr 18, 2017
Bottom Brook & Woodbine Converter Stations Ready for Operation	July 14, 2017
HVDC Submarine Cable HV Test – Substantial Completion Commissioning Complete	Aug 29, 2017
Performance Test First Commercial Power	Oct 1, 2017

SCHEDULE "W"

ML VOLUNTARY PREPAYMENT NOTICE

Date: _____

TO: THE TORONTO-DOMINION BANK, as Collateral Agent

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

Pursuant to the provisions of section 2.7 of the ML Credit Agreement, we hereby notify you that on **Note 1**, we shall make a ML Voluntary Prepayment to the Collateral Agent, for the account of the Lender.

You will find attached hereto as Exhibit "A" an example of how the amount of the ML Voluntary Prepayment is calculated in accordance with the provisions of subsection 2.7.2 of the ML Credit Agreement.¹

Yours truly,

NSP MARITIME LINK INCORPORATED

Per: _____

Notes:

1. Specify the date at which the prepayment is made. This prepayment notice must be made at least 35 Business Days prior to the proposed ML Voluntary Prepayment Date.

¹ The amount of the ML Voluntary Prepayment must be equal to the sum of (i) the aggregate principal amount of the ML Construction Loan to be repaid on the ML Voluntary Payment Date; (ii) accrued and unpaid (a) interest on such principal amount, and (b) ML Financing Fee, in an aggregate amount which, together, shall be equal to the aggregate amount of interest accrued on the FV Bonds which will be payable on the FV Bond Redemption Date; and (iii) the ML Make-Whole Amount applicable to such FV Bonds.

SCHEDULE "X"

FORM OF LETTER OF CREDIT

The form of the Letter of Credit will be appended following approval of the form by the Collateral Agent acting in accordance with Requisite Instructions.

SCHEDULE “Y”

FINANCIAL MODEL REQUIREMENTS

ML Model Overview Comments

Financing Structure and Inputs:

Based on the pending financing solution, potential assumptions that remain open and to be incorporated into the model are summarized below.

Pending Financing Assumptions:

- Debt structure (bullet(s) vs. amortizing)
- Effective interest rate achieved given bond pricing, financing fees/costs and, if applicable, reinvestment returns pre/post construction (sinking fund)

Capital Cost Profile:

- The model will be updated to show the link between the DG3 capital cost estimate, including forecasted timing of base capital expenditures, contingency and escalation and the amounts reflected in the model.

ML Debt Financing Solution Timeline:

- February - Achieve ML Financial Close
- Late February / early March - Bank meetings to review proposals (Canada included)
- March - Canada and Emera Board approvals of financing structure
- March – Select lead bank and begin bank documentation of transaction and rating agency pre-marketing materials
- April - Targeted bond launch and settlement

SCHEDULE "Z"**SINKING FUND INVESTMENTS****Sinking Fund Composition Requirements**

To mitigate risk of principal loss in the Sinking Fund Account, hold limits will be placed on broad investment buckets, individual credits and term of the Sinking Fund Account investments.

The following table outlines allowed hold limits:

	Minimum Holding`	Maximum Holding	Minimum Rating	Single Name Hold Limit
Canada and Canada-Guaranteed Bonds (includes FV Bonds)	50%	100%	Not applicable	No Limit
AAA Provinces and AAA Corporates	0%	50%	AAA	Provinces 12.5% Corporate 5%
AA Provinces	0%	25%	AA-, Aa3, AA(low)	8.5%

The term of any holdings or investment in the Sinking Fund Account must not extend beyond the date on which the Sinking Fund Account funds are required for repayment of the relevant FV Bonds. This will ensure that the sinking fund does not take on any interest rate exposure.

Sinking Fund Account holdings must be denominated in Canadian dollars.

Requirements:

1. No structured products will be allowed in the sinking fund (this includes covered bonds, NHA MBS, callables, extendibles, derivatives);
2. To be considered an acceptable security for a given bucket above, the security must have ratings at or above the minimum rating indicated from two of Moodys, S&P, or DBRS;
3. If a holding, other than Canada and Canada-Guaranteed Bonds (including FV Bonds), is downgraded such that it does not have two ratings that meet the minimum rating threshold (see above), the amount of the security that is beyond the maximum holdings of the bucket it qualifies for based on the downgraded rating, if any, must be sold within 90 days and any principal loss must be contributed by the Borrower or made up in future periods by the Sinking Fund Account retaining interest income equal to the principal lost;

4. No interest may flow out of the Sinking Fund Account unless the balance of the Sinking Fund Account, on a mark-to-market basis, is greater than the Sinking Fund Account balance as indicated in the final sinking fund payment schedule at that point in time;
5. Collateral Agent is to give quarterly hold reports.

Short Term Investments

Up to 100% of the holdings in the Sinking Fund Account can be invested in Schedule I banks provided that the investments (a) have a rating of “A” or higher, (b) are purchased in the six month period prior to the payment of principal on any tranche of bonds issued by the Funding Vehicle, and (c) have a term that does not exceed the date of the payment of principal referred to in clause (b).

SCHEDULE "AA"

BASIS OF DESIGN

(See attached)



Maritime Link Project

Basis of Design- Land Based Assets

MLP Document MLP-EL-RPT-0103 (Formally # MLP – EL-SPC-0011)	Total Pages: 42
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Rev.	Date	Reason for Issue	Title Originated	Title Reviewed	Title Approved	Title Endorsed
A0	June 4 th 2013	Issued for comment	T. Holland Project Engineer	T. Leopold Director of Engineering	G. Brennan Project Manager	



Maritime Link Project

Basis of Design- Land Based Assets

MLP Document # MLP-EL-SPC-0011	Total Pages: 42
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Rev.	Date	Reason for Issue	Originated	Reviewed	Approved	Endorsed
A0	June 4 th 2013	Issued for comment	T. Holland Project Engineer	T. Leopold Director of Engineering	G. Brennan Project Manager	
			<i>T. Holland</i> June 7, 2013	<i>T. Leopold</i> June 26, 2013	<i>G. Brennan</i> 7/10/13	

Authorization Page

In addition to those indicated on the cover page, the following have indicated their support of this document.

Name	Position	Signature	Date

Proprietary Notice

This content of this document is confidential and under the ownership of the Emera Newfoundland and Labrador (ENL). It was prepared for the intended purpose of the planning and execution of the Maritime Link project. It will not be shared in whole or in part without the appropriate written consent of ENL.

REVISION HISTORY

Version	Author/Editor	Comments	Date

RELATED DOCUMENTS

Document Number	Title	Date

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SECTION 1 – INTRODUCTION

1.1 Background

The Maritime Link project was launched in 2011 following partnership discussions between Emera and Nalcor and the Provinces of Nova Scotia and Newfoundland and Labrador. The scope of the project includes the design, construction and commissioning of the Maritime Link with the appropriate Environmental, Regulatory, Aboriginal and other Stakeholders support and appropriate approvals. The objective of the project schedule is to commission the system in preparation for turnover and start up in Q4/2016.

1.2 Document Purpose

The purpose of the document is to document the Project Scope for the land based assets as part Maritime Link (ML) Project.

This document primarily reflects Phase 3 activities to document the Basis of Design to meet the requirements of Decision Gate 3 (DG3).

1.3 Scope / Requirements

The scope/requirements of this deliverable is to describe the main Land Based components of the Maritime Link Project.

1.4 Out of Scope

The following are outside the scope of this document:

- The Muskrat Falls (MF) with the Labrador Transmission Assets
- The Labrador Island Link (LIL)
- The Newfoundland System Upgrades outside of Granite Canal
- Modifications to the NSPI transmission System outside Woodbine Substation
- The upgrades to the NSPI Special Protection systems.
- The Marine based assets of the of the Maritime Link project as described in MLP-EM-RPT-0004.

1.5 Acceptance Process

This deliverable will be subject to the review and approval by only those names listed on the cover page title block and the authorization page as required.

SECTION 2 – INITIAL BASIS OF DESIGN

The Maritime Link shall be comprised of the components described in this Section and shall be designed, engineered and constructed in accordance with the specifications set out below for a minimum of 50 year asset life.

2.1 103NL: Granite Canal Switchyard

- The Switchyard will be configured as a four breaker ring, energized at 230kV.
- A new switchyard will be constructed just southwest of the existing Granite Canal Terminal Station.
- The new switchyard will provide terminations for the existing TL 263 transmission line, the new 230kV line (T23001) to Bottom Brook, the Granite Canal Hydro Station, and a 15Mvar Shunt Reactor for voltage support.
- The installation will include all concrete foundations and galvanized steel structures to support the electrical equipment and switchgear.
- A control building will house control, protection, monitoring, and communication equipment for the new site.
- The control building will be connected to the existing Granite Canal Hydro station via control cable and communication trench.
- The station will be grounded in accordance with IEEE Standards
- This site will be built with complete protection and control redundancy and separation
- The station service will be supplied off the incoming transmission line.
- A preliminary station layout drawing can be found in Appendix 3 – Station Layouts
- A station one line can be found in Appendix 4 – One Lines

2.2 T23001: HVac Overhead Transmission – Granite Canal to Bottom Brook

- A 230kV HVac overhead transmission line will be constructed to connect the Granite Canal Switch yard to Bottom Brook Switch Yard.
- The line will be built using the NLH 230kV standard H-Frame structure, with Drake (795 ACSR) conductor. See Appendix 2 – Structure drawing
- The Transmission Line will be equipped with two lightning shielding wires.

- One of the lightning shielding wires will have fibre optic cable integrated into it to provide communications between Granite Canal and Bottom Brook.
- The line will be sufficiently grounded to achieve a footing resistance of 25 ohms. Counterpoise will be installed if required.
- The line structures will be wood pole construction with steel cross arms and cross braces. Deadends and angles will be 3 pole structures with self-supporting steel lattice towers used for major crossings.

2.3 101NL: Bottom Brook Switchyard

- The yard will be configured as a four rung, 12 breaker, breaker and a half 230kV switchyard used to replace the existing 230kV portion of the Bottom Brook Terminal station, with the additional connections:
 - Connections for the new 230kV line from Granite Canal
 - Two 230kV connections for the new Bottom Brook Converter Station via rigid bus.
- The Switchyard will be situated just to the east of the existing Bottom Brook Terminal Station in a separately fenced site.
- The installation will include all concrete foundations and galvanized steel structures to support the electrical equipment and switchgear.
- A separate control building will house control, protection, and monitoring and communication equipment for the new site.
- This site will be connected to both the existing Bottom Brook terminal station as well as the new Bottom Brook converter station via control cable trenches.
- This site will be built with complete protection and control redundancy and separation.
- The station services will be supplied off existing transformers located in the current Bottom Brook Terminal Station.
- The station will be grounded in accordance with IEEE Standards
- A preliminary station layout drawing can be found in Appendix 3 – Station Layouts
- A station one line can be found in Appendix 4 – One Lines

2.4 301NL: Bottom Brook Converter Station

- 500 MW, ± 200 kV asymmetrical bi-pole, VSC Converter Station capable of operating in mono-pole mode at 250 MW continuous operations.
- Situated east of the Bottom Brook Terminal Station in a separately fenced site.
- Installation includes all concrete foundations and galvanized steel structures to support the electrical equipment and switchgear.
- The converter building will house the AC/DC converter valves
- The DC yard will have the switching capability to use the out of service pole as a metallic return for mono-pole operation.
- The station services will be supplied off existing transformers located in the current Bottom Brook Terminal Station.
- Switching, control, protection, monitoring and communication equipment installed as required.
- Integration into a special protection system that will communicate with the converter station located at Soldiers Pond as part of the LIL project.
- A preliminary station layout drawing can be found in Appendix 3 – Station Layouts
- The line route can be found in Appendix 1 – Line Routing

2.5 E00502: Grounding Line – Bottom Brook to Indian Head

- A 35 km grounding line, with two current carrying conductors and one lightning shield wire, will join the Bottom Brook Converter Station to the Indian Head near shore grounding site.
- The grounding line will be built with twin Goldenrod (954 ACSR) conductor.
- The lightning shielding wire will have fibre optic cable integrated into it to provide communications between the near shore grounding site and Bottom Brook Converter Station.
- The line will be primarily Wood pole construction, with the use of steel structures at major crossings. See Appendix 2 – Structure drawing
- The grounding line will have lightning arrestors installed every 500 meters.
- The line route can be found in Appendix 1 – Line Routing

2.6 901NL: Indian Head Grounding Site

- A near shore grounding site will be located off Indian Head in St George's Bay on the west coast of Newfoundland near Stephenville Crossing.
- The grounding site will be designed with sufficient size and capacity to limit the voltage gradient from increasing beyond 1.25V/m during a mono-pole operation.
- The station services will be supplied by existing distribution lines.
- The grounding site will be designed to be capable of supporting continuous monopole ground current return (1250A).
- The line route can be found in Appendix 1 – Line Routing

2.7 X20005 & X20006: HVdc Overhead Transmission – Bottom Brook to Cape Ray

- A HVdc overhead transmission line, ± 200 kV, will be constructed to connect the Bottom Brook Converter Station to the Cape Ray Transition Compound.
- The transmission line will be built to carry both poles, each one being comprised of a single Bluebird (2156 ACSS) conductor.
- The transmission line will be equipped with two lightning shielding wires.
 - One of the lightning shielding wires will have fibre optic cable integrated into it to provide communications between Cape Ray and Bottom Brook.
- The line will be sufficiently grounded to achieve a footing resistance of 25 ohms with counterpoise installed if required.
- Each conductor will be able to sustain 250 MW continuously, with a combined capacity of 500MW.
- Towers are to be galvanized lattice steel, self-supported angles and deadends, and guyed tangent towers. See Appendix 2 – Structure drawing
- The line route can be found in Appendix 1 – Line Routing

2.8 701NL: Cape Ray Transition Compound

- The Cape Ray transition compound will be housed in a building on a fenced site.
- The building will have provision for the underground cable entrance and other associated Primary equipment requirements.
- Installation will include the concrete foundation for the building and steel structures to support the electrical equipment and switchgear.
- A roof mounted "wall bushing" will be installed to transition to the overhead transmission line.

- A steel lattice dead end structure will be mounted on top of the building for transmission conductor connection.
- Switching, control, protection, monitoring and communication equipment will be installed.
- The station services will be supplied by existing distribution lines.
- The station will be grounded in accordance with IEEE Standards
- A station layout drawing can be found in Appendix 3 – Station Layouts

2.9 701NS: Point Aconi Transition Compound

- The Point Aconi transition compound will be housed in a building on a fenced site.
- The building will have provision for the underground cable entrance and other associated Primary equipment requirements.
- Installation will include the concrete foundation for the building and steel structures to support the electrical equipment and switchgear.
- A roof mounted “wall bushing” will be installed to transition to the overhead transmission line.
- A steel lattice dead end structure will be mounted on top of the building for transmission conductor connection.
- Switching, control, protection, monitoring and communication equipment will be installed.
- The station services will be supplied by existing distribution lines.
- The station will be grounded in accordance with IEEE Standards
- A station layout drawing can be found in Appendix 3 – Station Layouts

2.10 X20001 & X20002: HVdc Overhead Transmission – Point Aconi to Woodbine

- A +/- 200kV HVdc overhead transmission line will be constructed to connect the Point Aconi Transition Compound to the Woodbine Transition Compound.
- The transmission line will be built to carry both poles, each one being comprised of a single Bluebird (2156 ACSS) conductor.
- The transmission line will be equipped with two lightning shielding wires.

- One of the lightning shielding wires will have fibre optic cable integrated into it to provide communications between Point Aconi and Woodbine.
- The line will be sufficiently grounded to achieve a footing resistance of 25 ohms with counterpoise installed if required.
- Each conductor will be able to sustain 250 MW continuously, with a combined capacity of 500MW.
- Towers are to be galvanized lattice steel, self-supported angles, deadends, and tangent towers. See Appendix 2 – Structure drawing
- The line route can be found in Appendix 1 – Line Routing
-

2.11 702NS: Woodbine Transition Compound

- This facility will be needed to facilitate connection of the DC line into the converter station at woodbine to reduce the number of overhead transmission line crossings of the DC line.
- The Woodbine transition compound will consist of an outdoor cable transition on a fenced site with provision for the underground cable entrance and other associated primary equipment. Installation will include the concrete foundations and steel structures to support the electrical equipment and switchgear.
- The overhead HVdc line will terminate on a steel line termination structure.
- Connection from this facility to nearby Converter Station will be via underground primary cable, control cable and communications cable.
- Switching, control, protection, monitoring and communication equipment shall be incorporated into nearby Converter Station.
- The station will contain a visual barrier to hide the terminators from view
- A station layout drawing can be found in Appendix 3 – Station Layouts

2.12 301NS: Woodbine Converter Station

- 500 MW, ± 200 kV asymmetrical bi-pole, VSC Converter Station capable of operating in mono-pole mode at 250 MW continuous operations.
- The Woodbine Converter Station will be situated west of the Woodbine Substation in a separately fenced site.
- Installation will include concrete foundations and galvanized steel structures to support the electrical equipment and switchgear.
- The converter building will house the AC/DC converter valves.

- The DC yard will have the switching capability to use the out of service pole as a metallic return for mono-pole operation.
- The station services will be supplied off the transformers located at the Woodbine substation.
- Switching, control, protection, monitoring and communication equipment installed as required.
- A station layout drawing can be found in Appendix 3 – Station Layouts

2.13 E00501: Grounding Line – Woodbine to Big Lorraine

- A 48 km grounding line carrying two current carrying conductors and one lightning shield wire, will join the Woodbine Converter Station to the Big Lorraine near shore grounding site.
- The grounding line will be built with twin Goldenrod (954 ACSR) conductor.
- The lightning shielding wire will have fibre optic cable integrated into it to provide communications between the near shore grounding site and Woodbine Converter Station.
- The line will be primarily Wood pole construction, with the use of steel structures at major crossings.
- The grounding line will have lightning arrestors installed every 500 meters.
- The line route can be found in Appendix 1 – Line Routing

2.14 901NS: Big Lorraine Grounding Site

- A near shore grounding site will be located at the mouth of Big Lorraine Harbour on the east coast of Cape Breton.
- The grounding site will be designed with sufficient size and capacity to limit the voltage gradient from increasing beyond 1.25V/m during a mono-pole operation.
- The station services will be supplied by existing distribution lines.
- The grounding site will be designed to be capable of supporting continuous monopole ground current return (1250A).

2.15 101S: Woodbine Substation Expansion

- The Woodbine 345kV substation will be expanded to a 4 breaker, two rung, breaker and a half scheme.
- The Woodbine 230kV substation will be expanded to a 9 breaker, three rung, breaker and a half scheme.
- The yard will be expanded to incorporate the following additional connections:

- L7012 and L7011 will be turned into the station and connect into the new 230kV bus.
- Two 345kV connections for the new Woodbine Converter Station.
- A new Transformer 345kV/230kV/26.4kV, GrdWye/GrdWye/Delta, 340/453.3/566.7 MVA.
- Installation will include concrete foundations and galvanized steel structures to support the electrical equipment and switchgear.
- Control, protection, monitoring and communication equipment for the new site will be installed in the existing control building.
- This site will be connected to the new Woodbine converter station via control cable trenches.
- This site will be built with protection, control and communication redundancy.
- A preliminary station layout drawing can be found in Appendix 3 – Station Layouts
- A station one line can be found in Appendix 4 – One Lines

2.16 Maritime Link Telecommunication Systems

- Permanent control, teleprotection, SCADA and voice circuits will be designed to NERC equivalent standards.
- The system will be comprised of a combination of the NSPI infrastructure, NLH infrastructure, newly installed infrastructure and utilizing the government of Newfoundland fibre network that connects Newfoundland to Nova Scotia via underwater fibres.
- This system will be built with complete redundancy and separation (Primary and Secondary Paths)
- Primary Path
 - A fibre line of approximately 15km will be constructed along an existing right of way connecting Lingan Power Plant with GNL fibre assets on Victoria Road.
 - A fibre line of approximately 14km will be constructed adjacent to the Trans-Canada Highway connecting the GNL fibre assets near Port-aux-Basques to the Cape Ray Transition Compound.
 - An Optical Ground Wire (OPGW) will be constructed with the HVdc and HVac transmission lines which will bring the telecommunications line into Granite Canal (302km).
 - From Granite Canal the telecommunications from the new Switch yard 103NL will connect into the existing NLH microwave communication systems at Granite Canal Hydro station, which is currently connected back to the ECC at St. John's.

- **Secondary Path**
 - A fibre line of approximately 8km will be constructed along Morley Road connecting Woodbine substation to GNL fibre assets on King's Road.
 - The communication link into Bottom Brook will utilize the OPGW of the grounding line in Newfoundland. The connection point for this will be the intersection of the grounding line with GNL fibre assets.
 - A fibre line less than 1 km will be constructed connecting the GNL fibre assets near Deer Lake to the Deer Lake Terminal Station.
 - A fibre line less than 4 km will be constructed connecting the GNL fibre assets near Stony Brook to the Stony Brook Terminal Station.
 - The communication path will splice into the LIL telecommunication system from Stony Brook to the ECC at St. John's.

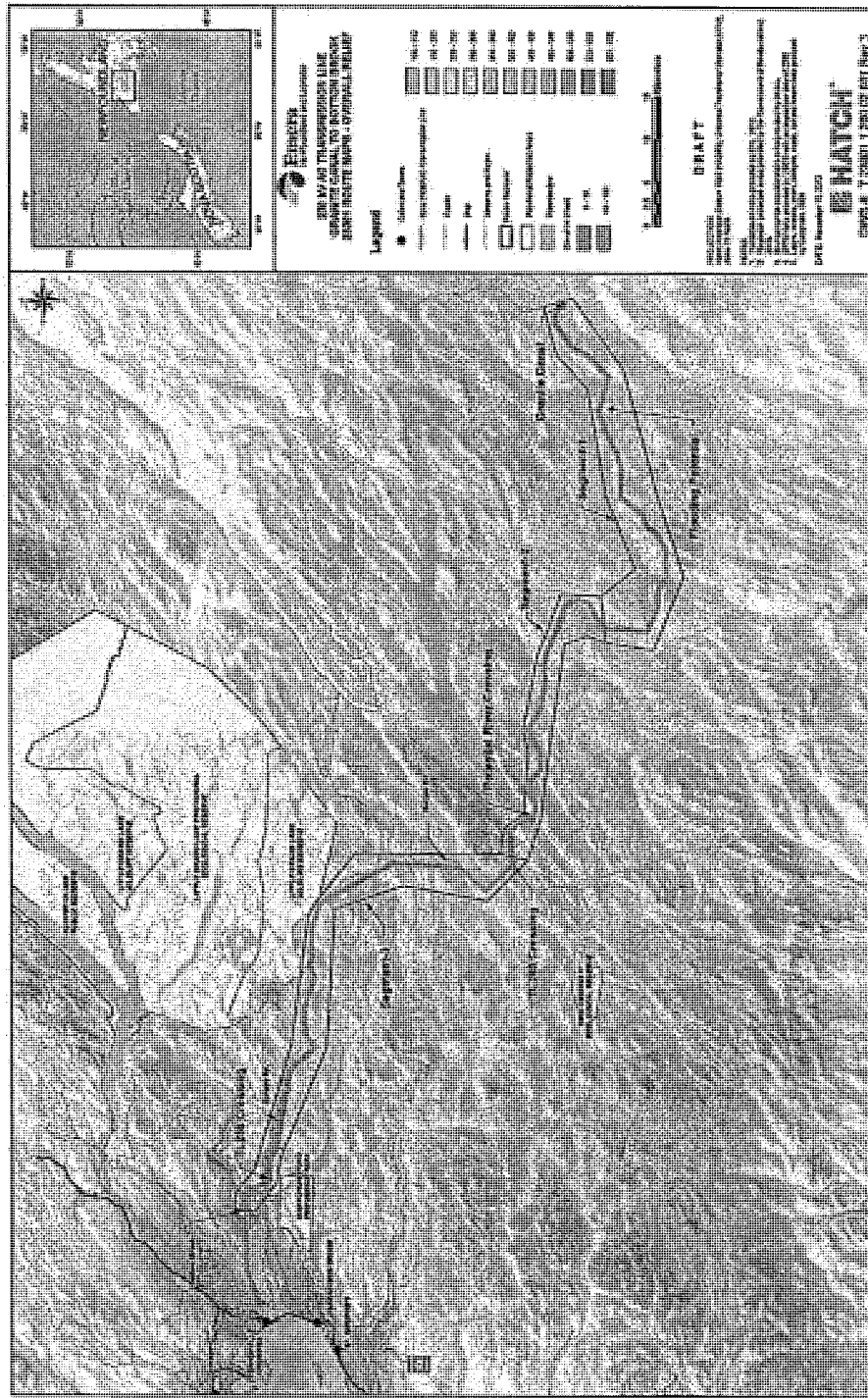
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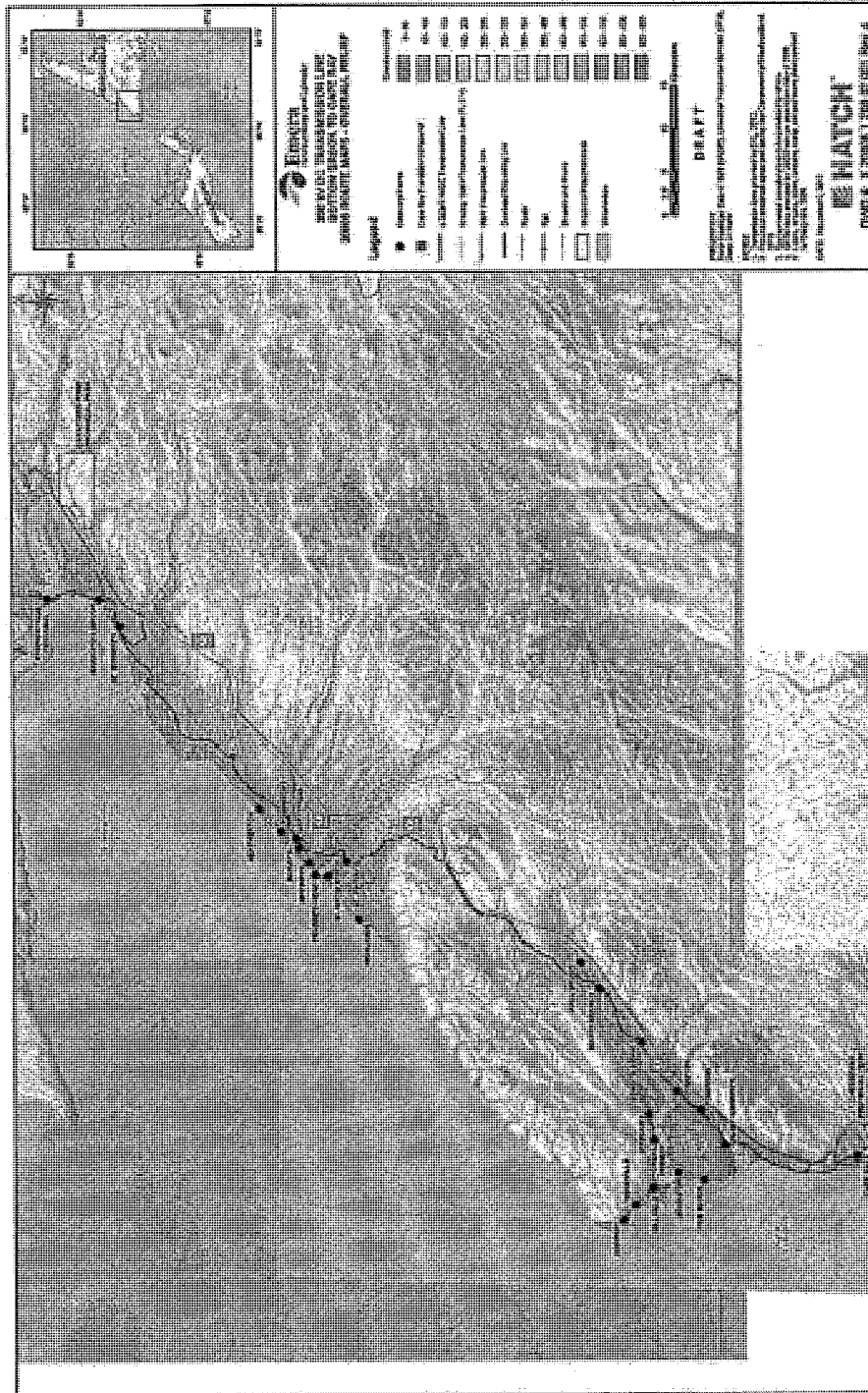
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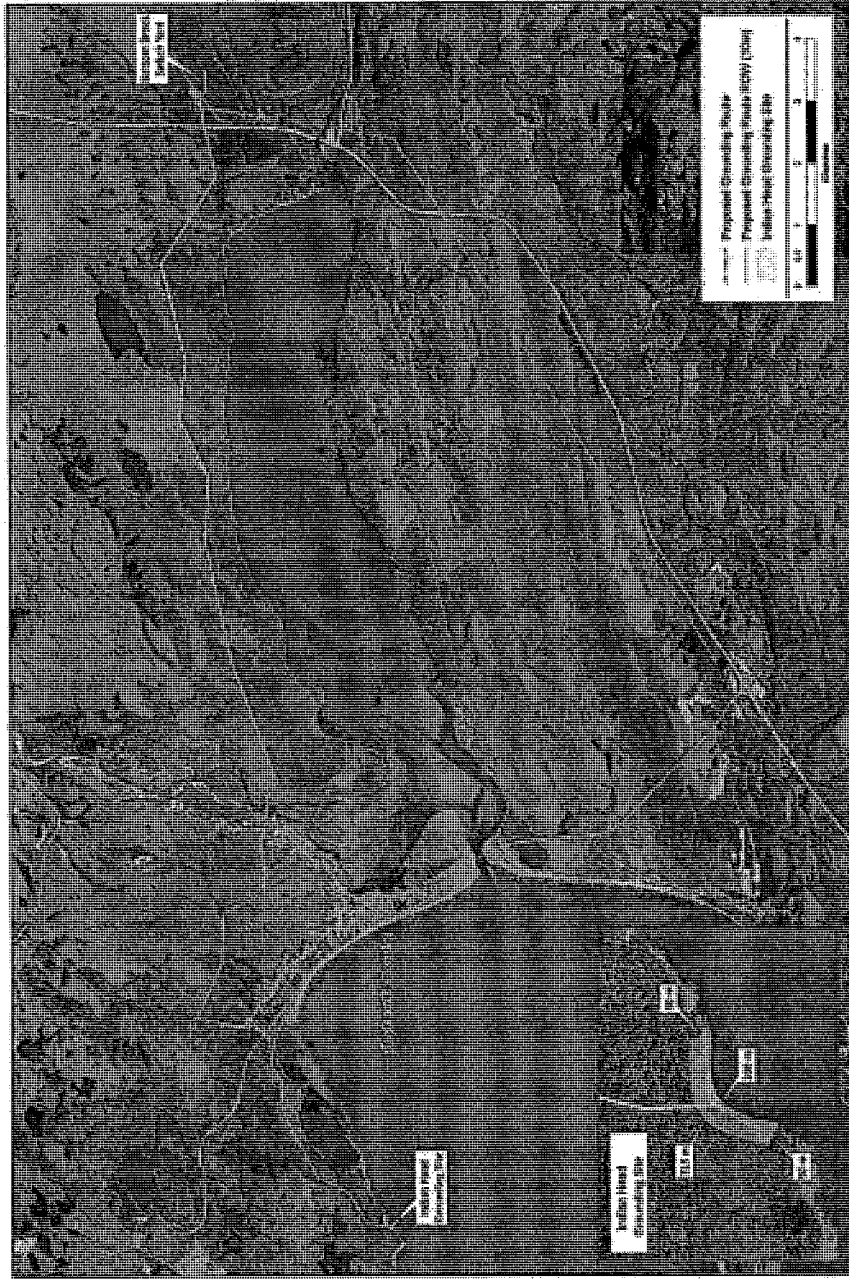
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APPENDIX 1 – LINE ROUTING

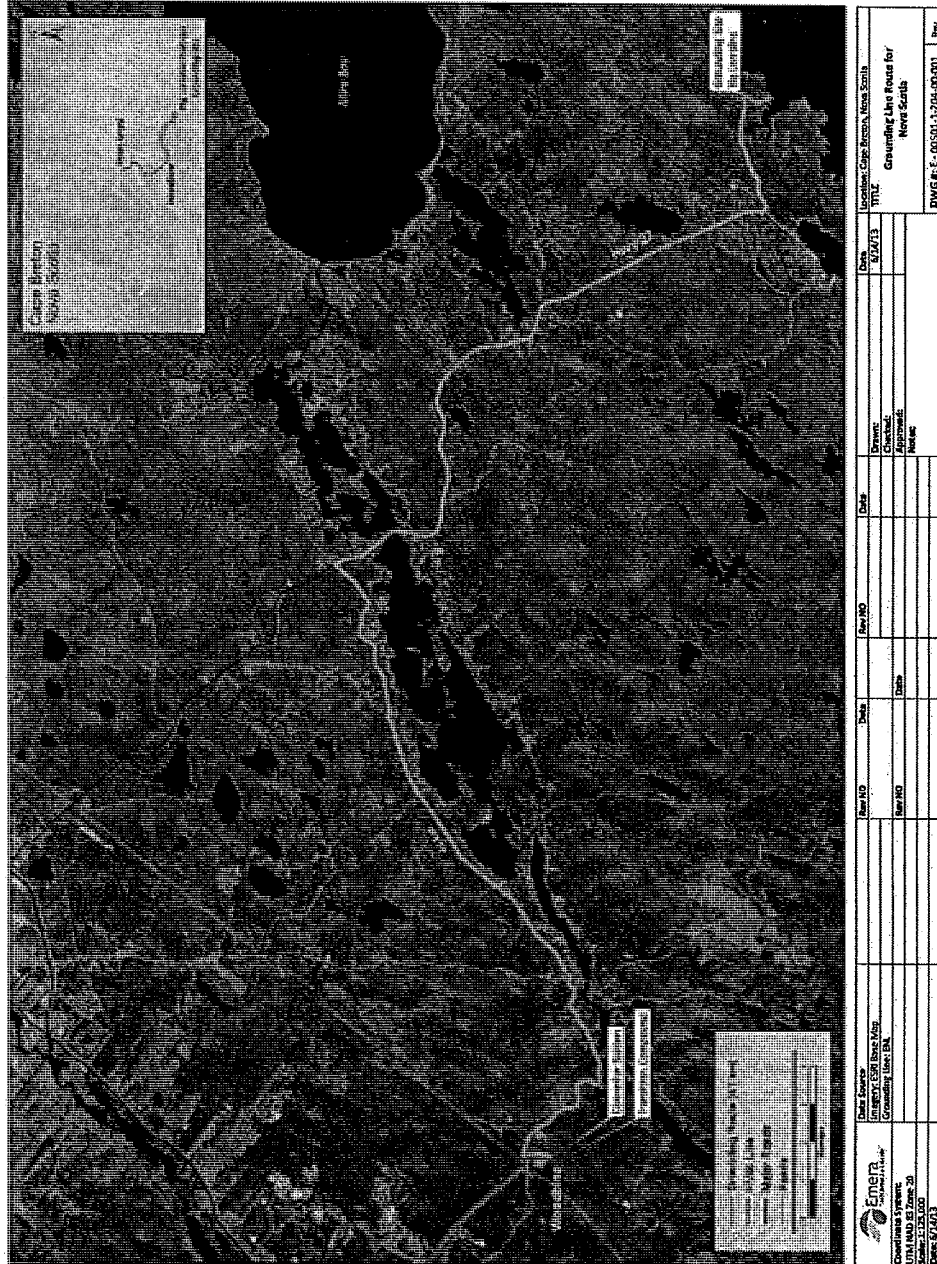






Date	Drawn	Checked	Approved	Notes
06/21/11	SAUL GAZDAR			
Date: 06/21/11				
Drawn: SAUL GAZDAR				
Checked: [Blank]				
Approved: [Blank]				
Notes: [Blank]				
Title: Test Charting for Proposed Grounding Site				
Project: Saint George's Grounding Site				
Client: Newfoundland & Labrador				
DWG #: S-901N-1-06-00-002				
Rev. 2				

MLP-EL-SPC-0011



MLP-EL-SPC-0011

APPENDIX 2 – STRUCTURE DRAWINGS

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APPENDIX 3 – STATION LAYOUTS

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APPENDIX 4 – SINGLE LINES

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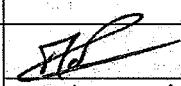
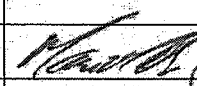

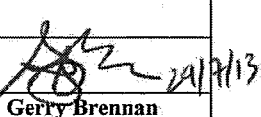


Maritime Link Project

Basis of Design-Marine Assets

MLP Document # MLP-EM-RPT-0004	Total pages 21
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Rev.	Date	Reason for Issue	Originator	Reviewer	Reviewer	Approver
2	July 26, 2013	Issued for Approval for DG3	Mohamad Saad Marine Team Lead	Marc MacDougall Project Engineer	Hamid Poorzargar Snr. Offshore Installation Advisor	Gerry Brennan Snr. Project Manager

 July 26/2013
 July 29/13
 July 29/2013
 29/7/13

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REVISION HISTORY

Revision	Originator	Comments	Date
1	Mohamad Saad	Issued for Review	27/5/13
2	Mohamad Saad	Issued for DG3	

REFERENCE DOCUMENTS

Reference	Document Number	Title
1	MLP-EM-RPT-0001	Constructability- Marine Assets
2	MLP-CT-PLN-0001	Project Execution Plan
3	M 00000 5 100 14 001	Shoreline Surveys for Potential HVDC Cable Landing Site
4	M 00000 8 100 14 001	Report on Microtunneling for Cable Landfall
5	M 00000 8 100 19 001	Cabot Strait Trenched Landfall Feasibility Study
6	M 20000 8 100 01 004	CAST Corridor Route Fishing Activity Analysis
7	M 20000 8 100 01 005	Updated Analysis of Fisheries Harvesting Activities and Catch Location 1997-2010 CAST Corridor area
8	M 20000 8 100 14 001	Maritime Link Project Report on CAST Vessel Traffic Data Analysis
9	M 20000 8 100 14 002	Maritime Link Project Subsea Cable Corridor Survey Cabot Strait
10	M 20000 8 100 14 003	Interpretation of Recent Survey Data Cabot Strait
11	M 20000 8 100 19 001	Updated Ice Risk Analysis for Cabot Strait Crossing
12	M 20000 8 100 19 002	Dragging Anchor Risk for Cabot Strait Cable Crossing
13	M 20000 8 100 19 004	Burial Depth Requirements for Subsea Power Cable
14	M 20000 8 100 19 005	Assessment of Large Pockmark Region Maritime Link Cable Route
15	M 20000 8 100 19 006	Assessment of the Near Shore Landing Site and Route Selection for the Cabot Strait Cable Crossing
16	M 20000 8 100 19 007	Seismic Hazard Faults and Earthquakes Maritime Link Cabot Strait Region
17	M 20000 8 100 19 008	Maritime Link Project Sediment Transfer Study
18	M 60000 8 100 19 001	HDD Landfall Feasibility Study Maritime Link Cabot Strait

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SECTION 1 – INTRODUCTION

1.1 Background

The Maritime Link (ML) project was launched in 2011 following partnership discussions between Emera and Nalcor and the Provinces of Nova Scotia (NS) and Newfoundland (NL) and Labrador. The scope of the project includes the design, construction and commissioning of the Maritime Link with the appropriate Environmental, Regulatory, Aboriginal and other Stakeholders support and appropriate approvals. The objective of the project schedule is to commission the system in preparation for turnover and start up in 2017.

As part of these partnership discussions, ENL Maritime Link Inc. (ENL) is to execute a transmission construction project interconnecting the electrical power systems of the island of Newfoundland and Nova Scotia.

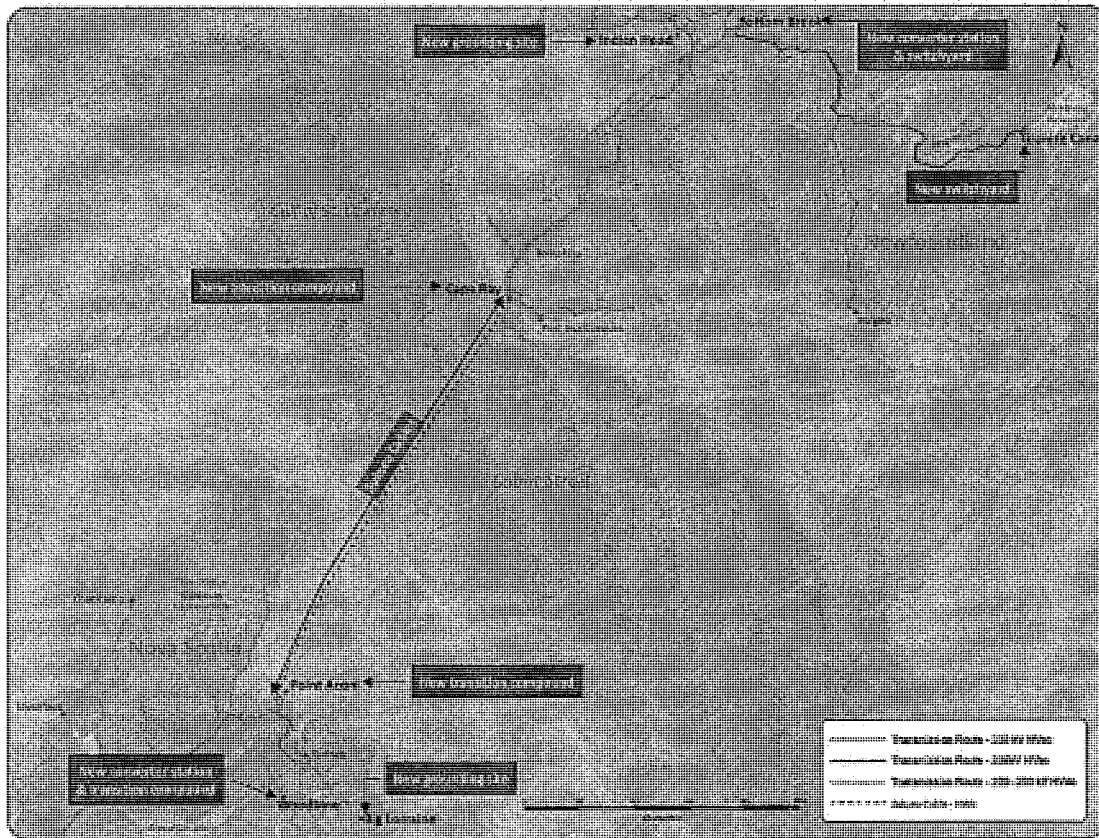


Figure 1: ML Project Overview

1.2 Document Purpose

This document reflects activities undertaken during Phase 1, Phase 2 and Phase 3 of the ML Project up to the time of the Cover Sheet signing. This document will be used to support the business case and concept selection in Phase 3 of the project in the lead up to Decision Gate 3 (DG3).

1.3 Scope

The scope of this document is to describe the basis of design of the Marine Assets of the ML Project.

The Marine scope of work consists of:

- Laying of approximately 2x2km underground HVDC cable from transition compound at Point Aconi NS to jointing bay/anchoring structure at landfall point.
- Construction of underground jointing bay/anchoring structure to house the transition joint between submarine and underground cables at landfall point in Point Aconi NS.
- Construction of approximately 2x1100 m HDD lined boreholes at Point Aconi landfall with a subsea exit at 12 m water depth.
- Pulling of subsea HVDC cable through HDD lined boreholes at Point Aconi NS up to jointing bay/anchoring structure.
- Laying of approximately 2x170 Km subsea HVDC cable across the Cabot Strait from Point Aconi NS to Cape Ray NL.
- Protection of submarine cable up to 400 m water depth by jetting and/or ploughing (potential for rock dumping as a remedial mean of protection where jetting does not achieve required burial depth).
- Construction of approximately 2x430 m HDD lined boreholes at Cape Ray NL landfall with an exit at 23 m water depth.

- Pulling of subsea HVDC cable through HDD lined boreholes at Cape Ray NL up to jointing bay/anchoring structure.
- Construction of underground jointing bay/anchoring structure to house the transition joint between submarine and underground cables at landfall point in Cape Ray NL.
- Laying of approximately 2x2km underground HVDC cable from transition compound at Cape Ray NL to jointing bay/anchoring structure.

1.4 Out of Scope

Items out of the scope of this document are:

- Muskrat Falls (MF) and Labrador Island Link (LIL) projects that, managed by Nalcor.
- ML Project Land based assets.
- ML Project schedule.
- ML Project budget.
- ML Project environmental and regulatory approval processes.
- ML Project Health, Safety, Security and Quality requirements.

SECTION 2 – MARINE ASSETS BASIS OF DESIGN

The following section provides an overview of the Basis of Design of Marine Assets of the Maritime Link Project.

2.1 Cable System Design

The Marine Cable System of the ML project consists of:

- 2 HVDC subsea cables approximately 170 Km each, rated for ± 200 KV DC, 1250 A and 500 MW (250 MW per pole).
- 2 x approximately 2 km underground HVDC land cables at each landfall point rated for ± 200 KV DC, 1250 A and 500 MW.
- Land to subsea cable transition joints.
- Subsea Cable armor anchors and transition bays.
- Cable terminations in transition compounds.
- Surge arrestors as required at terminations.

The HVDC cables and associated accessories will be designed for bi-pole operation, but with the ability to operate in mono pole as required by using the grounding sites, and transmit half the rated power. The HVDC cables will be Mass-Impregnated (MI) with a proven design that has a high standard of reliability in service with previous satisfactory operating performance.

Each HVDC cable will be single core design. The conductor will be sized to transmit the required current while meeting the environmental, operating and installation requirements. The conductor will be designed to withstand the mechanical loads applied to it during all phases of installation and possible future repairs.

Subsea cables will be provided with torque balanced armoring suitable to withstand all installation, protection, trenching, and environmental loading. The land cable will not

require armoring, but will be designed to accommodate the forces required for installation and protection in land trenches.

Land and subsea cables will include embedded fiber optic cable up to and including Distributed Temperature Sensing Unit (DTS) in transition compounds. The fiber optic cable will be utilized for distributed temperature sensing up to five 5 km from transition compound at Cape Ray NL and Point Aconi NS locations.

The HVDC cables will have a design life of 50 years. The cable system will be designed and manufactured such that minimal maintenance is required for the design life of the cables other than annual visual external inspections where possible.

The cable system design will be finalized during detailed engineering phase by the cable contractor with ENL's approval.

2.2 Installation Design

Each of the subsea cables will be installed within a separate HDD lined boreholes at the landfall points. Pulling the cables in separate HDD lined boreholes is intended to reduce the installation risk and limiting the pulling forces that could substantially damage the cable.

The two subsea cables will be laid separately (unbundled) on the seabed in order to increase reliability and availability of the link. This will allow transmittal of half the rated power of the system using the sound cable and the sea return provided by the grounding sites while the faulty cable is being repaired. In addition to that, laying the cables unbundled has the following advantages:

- Lowering the risk of damaging the second cable during repair of the faulty one.
- Lowering the risk of simultaneous damage to both cables by third party /external factors.
- Lowering the risk of damage to adjacent cable in the event of a cable electrical fault.

- Maximizing the length of continuous cable transported on Cable Lay Vessel (CLV) and hence reducing the number of subsea joints.
- Reducing the conductor size.

The horizontal separation between the two subsea cables will be finalized during detailed engineering phase, but it is expected to be in the range of 100m to 200m in order to reduce the probability of one incident (mostly anchors dragging) from damaging both cables simultaneously. The horizontal separation of the 2 cables will be in the range of 10m to 15m in the sand channels in the near shore area at Point Aconi NS due to the limited width of the channel; the separation distance will be finalized during detailed engineering phase in order to ensure that the 2 cables are thermally independent.

The land cables will be laid in a common trench. The separation between the two land cables will be finalized during detailed engineering phase such that there is no thermal interference between the cables, and possibility of repairing one cable while the other is still operational.

2.3 Subsea Cable Route Design

ENL has identified a subsea cable corridor from Cape Ray NL to Point Aconi NS across the Cabot Strait to lay the 2 subsea cables. The subsea corridor is approximately 170 Km long, 2Km wide and 470m at its deepest point. The subsea corridor has been optimized to ensure a risk mitigated route from Cape Ray NL to Point Aconi NS. An abandoned telephone cable TAT2 (owned by AT&T, abandoned in 1982) crosses the proposed subsea corridor centerline in two places, at approximately KP 68 and then again at KP 134. An active fiber optic cable APOCS1C (owned by Bell Alliant, active since 1992) travels parallel to, and just east of the subsea corridor. Refer to Drawing number M 20000 5 300 03 001 in Appendix A for more details.

ENL has conducted a geophysical and geotechnical survey investigations along the proposed subsea corridor across the Cabot Strait between NL and NS [Ref 9]. The purpose of the survey was to characterize bathymetric, seafloor and subseafloor conditions along the 2 km wide cable corridor between landing points at Cape Ray NL and Point Aconi NS.

Alternative landing points at Wreckhouse Brook NL and near Alder Point NS were also investigated. The scope of work for the subsea corridor survey included:

- Collection of sub-bottom profiler data at a sufficient spacing and resolution to map and document overburden thickness to a depth of 5 m or better, or to the bedrock surface, where that surface is interpreted to be less than 5 m below the seabed.
- Collection of multibeam data at a sufficient spacing and resolution to map and document seafloor topography with horizontal resolution of 2 to 5 m (dependent on water depth).
- Collection of side scan data at a sufficient spacing and resolution to map and document general seafloor sediment type based on qualitative assessment of reflectivity, and to map specific sonar contacts on the seafloor that may present potential hazards for trenching and cable laying operations.
- Collection of magnetometer data to locate charted cables or other magnetically detected debris within the cable corridor.
- Collection of vibrocore or gravity core samples at designated locations along the centreline of the subsea corridor for soil classification and strength assessments.
- Collection of surficial grab samples at the core locations for subsequent geochemical testing.

ENL has also conducted several additional studies along the subsea cable route:

- A detailed interpretation of seabed and subsurface features that includes a regional assessment of the area based on published government maps and reports, as well as available industry information [Ref 10].
- An assessment of the nearshore portion of the cable route for the Maritime Link off Point Aconi NS to evaluate the reports and imagery available, in order to micro site the cables coming ashore and evaluate HDD routes and seabed exit locations[Ref 15].

- An assessment of a region of the Maritime Link cable route located on the Laurentian Channel flank of the Cape Breton Shelf characterized by a cluster of faults in the subsurface bedrock, gas-charged sediments in the overlying surficial material, large linear-shaped pockmarks at the seabed and venting gas in the overlying water column[Ref 14].
- An assessment of the seismic hazard for the area of the proposed Maritime Link cable crossing in the Cabot Strait between NS and NL, as well as the regional and local distribution of faults and earthquakes [Ref 16]. The report assessed the known and studied faults of the region summarizing their distribution and characteristics followed by an assessment of the seismic risk based on information provided by the Geological Survey of Canada, (Earthquakes Canada). The report concluded that there does not appear to be any earthquakes associated with or nearby the proposed Maritime Link Cable route; a zone of shallow bedrock faults occurs on the flank of the Laurentian Channel along the route, but there does not appear to be any activity on these faults as evidenced from the seismic maps and the overlying sediments.

The final cable route within the designated subsea corridor will be designed during detailed engineering phase by the cable contractor/installer and approved by ENL. The cable contractor will design the final route that minimizes natural hazards including natural sea bed sediment mobility, cable free span and sensitive areas pertaining to marine ecology and fisheries. A pre-installation survey may be conducted by the cable contractor who will determine the requirements based on an interpretation and gap analysis of all the subsea cable route data provided by ENL.

2.4 Subsea Cable Protection Design

The subsea cables of the ML project will be protected on the seabed from external hazards by burial in order to enhance the reliability and availability of the link. The external factors that could affect the subsea cables in the Cabot Strait are:

- Pack ice at both landfall points and Icebergs on the NL landfall point only. (Icebergs on the Newfoundland side have not been spotted in decades in

this area, however evidence of relict icebergs scours has been found on the seabed near Newfoundland).

- Fishing activities (Trawling and fixed gear).
- Dropped/Dragged anchors.

An ice risk analysis study was performed for the subsea cables across the Cabot Strait [Ref 11]. The allowable annual probability of ice contact per meter of cable was calculated using the target reliability of 10^{-3} . Upward looking sonar data collected on Makkovik Bank by the Bedford Institute of Oceanography were used to define the pack ice keel distribution and a maximum ice keel cutoff of 25 m was selected for the analysis. The analysis assumes no iceberg risk on the Nova Scotia side of the Cabot Strait and a maximum keel draft cut off of 100 m for iceberg scour risk near Newfoundland landfalls. The recommended maximum design gouge depth was found to be 1.7 m for pack ice and 0.5 m for icebergs.

Two reports have been created to describe the current fishing activity in the Cabot Strait. [Ref 6 & Ref 7]. The reports categorized the species, the harvesting method along the cable route, and identified the "Fishing Hot Zones". The fishing equipment along the Cabot Strait can be divided into two categories: mobile fishing gear consisting of otter trawling and scallop dredging, and fixed fishing gear (lobster and crab traps).

In order to determine the dragged anchor criteria for the protection requirement of the Maritime Link, the vessel traffic data for the region of interest, along with vessel type and size to understand anchor size was performed [Ref 8]. A dragged anchor risk analysis was also performed based on the vessel traffic data and damage reports from communication cables in the Cabot Strait [Ref 12].

A Sediment Transfer Study to generate necessary data on dynamic features of the corridor sediments was conducted [Ref 17].

The information presented in the above referenced studies has been combined and used to develop burial depth requirements for the subsea power cable across the Cabot Strait [Ref 13]. These requirements are summarized below (burial depth requirements are based

on both the centerline profile of the 2 km corridor and the results from the subsea corridor survey [Ref9]):

- Required depth of cover for Trawl Zone (mobile gear) is 1.00 m.
- Required depth of cover for Fishing Zones (fixed gear) is 0.25 m.
- Due to potential changes in fishing methods, and trawling gear development, for water depth up to 400 m, a conservative cover of 1.00 m will be used to protect from all potential fishing activities.
- Required depth of cover for Anchor Drags is 1.5 m for water depths ranging from 25 – 75 m.
- Design Sub-gouge Depth is 0.25 m (depth between top of cable and bottom of ice keel).
- Sand Wave Amplitude is 2.0 m. The unpredictable sand movement can leave the cable exposed, creating undesirable free spans or burying the cable much deeper than expected affecting its thermal.
- 1,000 year pack ice gouge depth is 1.7 m.
- Approximately 430 m of HDD lined boreholes at Newfoundland landfall point will protect the cable up to approximately 22 m water depth.
- Approximately 1100 m of HDD lined boreholes at Nova Scotia landfall point will protect the cable up to approximately 12 m water depth.

Table1 below summarizes the length of cable for the recommended cover depth.

Depth of Burial to Top of Cable (m)	Length of recommended Cover Depth (Km)
0	57.96
1	89.82
1.5	7.01
1.95	2.78
2	1.44
2.5	4.26
2.95	0.25

Table 1: Trenching Depths to Top of Cable

Figure 2 below is a plot of the identified trenching drivers along the cable route.

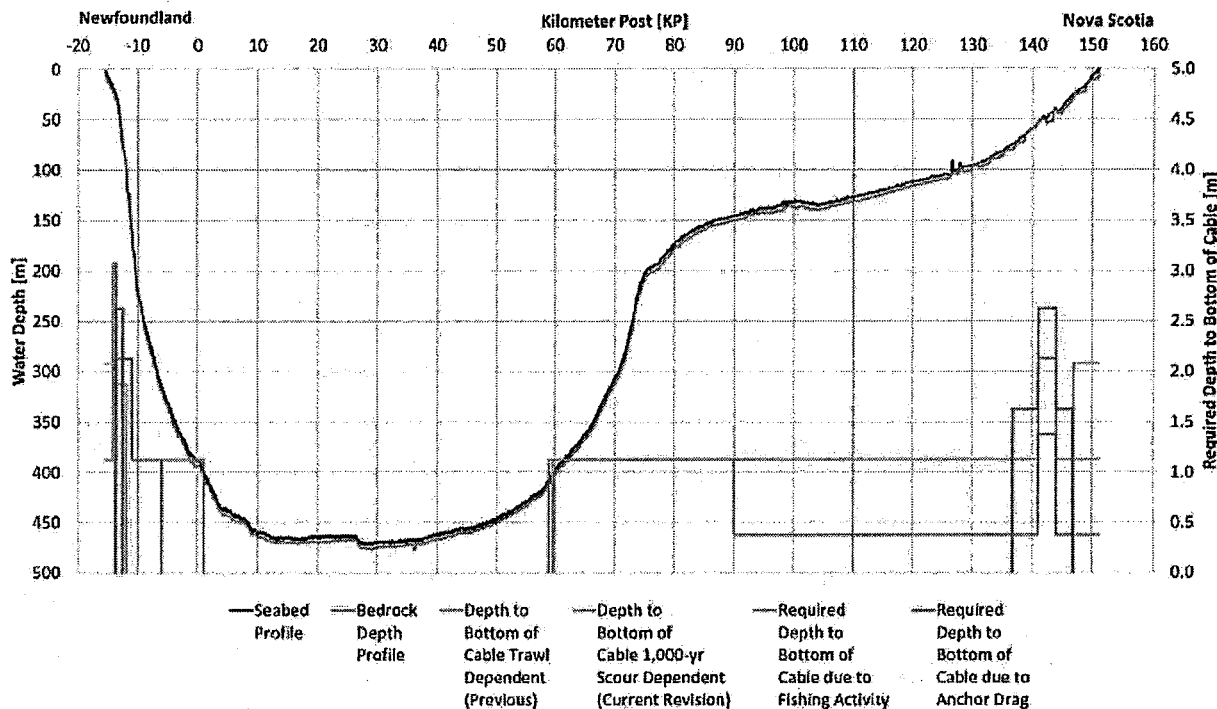


Figure 2: Trenching Drivers along Cable Route

2.5 Landfall Design

ENL considered several landfall locations in both provinces and conducted corresponding land surveys [Ref 3] and offshore surveys [Ref 9]. Cape Ray in Newfoundland and Point Aconi in Nova Scotia have been chosen as locations for building the landfall assets.

ENL also considered several options and conducted corresponding feasibility studies for the landfall design:

- Trenched LandFall [Ref 5]
- Microtunneling [Ref 4]
- HDD [Ref 18]

HDD method was found to be the most technically, economically and environmentally feasible method of constructing the landfall points. The Cape Ray NL HDD installation has an approximate length of 430 m and subsea exit point at 22 m water depth. Point Aconi NS HDD installation has an approximate length of 1100 m and subsea exit point at 12m m water depth. Refer to Drawings number M 60000 5 300 03 001 & M 60000 5 300 03 001 in Appendix A for more details. Both length and water depth are well within the achievable HDD construction techniques available today.

A conceptual HDD design was developed in the feasibility study. The design took into consideration geometrical, environmental, geological, analytical and installation factors. Figures 3 & 4 below show the conceptual design for each landfall point.

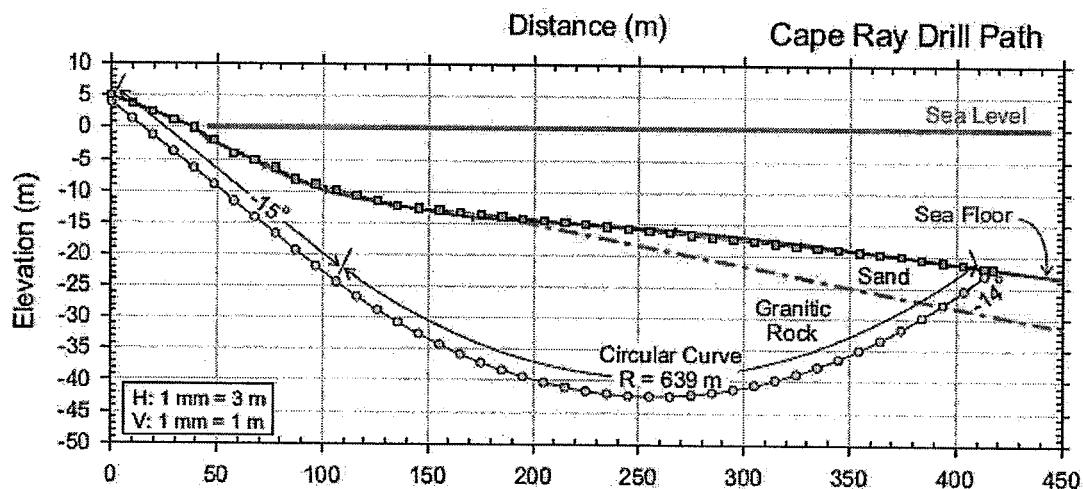


Figure 3: Cape Ray NL HDD Conceptual Design

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The final HDD design will be developed during the detailed engineering phase in consultation with the cable contractor. A detailed geotechnical program will be conducted in consultation with the HDD designer; the program will analyze the alignment route at regular intervals to specific depths by a sequence of sea based vertical boreholes, land based inclined borehole and test pits. The testing regime will capture all properties and influential parameters including but not limited to, compressive strength, pointload, permeability, conductivity and abrasion of soil on a range of samples taken from the retrieved cores.

APPENDIX A – DRAWINGS

Drawing Number	Title
M 20000 5 300 03 001	CAST subsea cable corridor and existing cables
M 60000 5 300 03 001	HDD Site overview Point Aconi
M 60000 5 300 03 002	HDD Site overview Cape Ray

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SCHEDULE "BB"**WCR RELEASE AND EQUITY FUNDING NOTICE**Date: **Note 1****The Toronto-Dominion Bank**

as Collateral Agent
TD Bank Tower
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

Gentlemen:

We refer you to the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the "**Borrower**"), Maritime Link Financing Trust (the "**Lender**") and The Toronto-Dominion Bank (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**ML Credit Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

Pursuant to Section 7.7 of the ML Credit Agreement, we hereby request a WCR Release from the Working Capital Reserve Account for deposit into the Borrower Disbursement Account in an amount of CDN\$ **Note 2** on **Note 3** (the "WCR Release Date"), the whole in order to fund Eligible Project Costs in an aggregate amount of CDN\$ **Note 4**.

[NOTE TO DRAFT: The following paragraph should be included where the amount on deposit in the Working Capital Reserve Account is less than the amount of Eligible Project Costs intended to be funded.]

[Please note that the amount on deposit in the Working Capital Reserve Account is insufficient to fund the entire amount of aforementioned Eligible Project Costs. As such, we hereby notify you that an equity Investment in an amount of CDN\$ **Note 5** will be made on or prior to the WCR Release Date.]

For the purposes hereof, we hereby represent and warrant that each and every one of the representations and warranties made under the ML Credit Agreement are true and correct on the date of this WCR Release and Equity Funding Notice, except to the extent that any such representation or warranty expressly relates to a particular date, in which case such representation or warranty is true and correct as at such date.

We further represent and warrant that no ML Event of Default has occurred and is continuing.

You will find attached all supporting documentation and information as will permit you to verify the statements, information and calculations contained herein. All of the information set forth herein and in all supporting documentation and information attached hereto is complete, correct and accurate in all material respects and we have no knowledge of any undisclosed fact which has or could materially affect the information set forth herein or in the supporting documentation and information attached hereto.

Yours truly,

NSP Maritime Link Incorporated

Per: _____

Notes:

1. The WCR Release and Equity Funding Notice must be delivered are least one (1) Business Day prior to the WCR Release Date.
2. The amount of the WCR Release must be less or equal to the amount on deposit in the Working Capital Reserve Account.
3. Insert the proposed WCR Release Date.
4. Insert the aggregate amount of Eligible Project Costs that will be funded in whole or in part with the WCR Release.
5. This amount is determined by subtracting the amount on deposit in the Working Capital reserve Account from the amount of Eligible Project Costs (i.e. the amount in Note 4).

SCHEDULE "CC"

FUNDING REQUEST SUPPORTING DOCUMENTATION

[REDACTED]
[REDACTED]

[REDACTED]		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]
[REDACTED]

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SCHEDULE "DD"

SYSTEM COMPLETION PLAN

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in Exhibit A of the ML Credit Agreement.

1. SYSTEM COMPLETION PLAN

- 1.1** To facilitate the orderly performance testing and commissioning of the equipment, the Borrower will develop a written plan (the “**System Completion Plan**”) that will include:
 - 1.1.1 Description of the completion team organizational structure, roles and responsibilities;
 - 1.1.2 completion execution activities; and
 - 1.1.3 development and incorporation of the following:
 - 1.1.3.1 supplier guaranteed performance specifications;
 - 1.1.3.2 overall performance metrics;
 - 1.1.3.3 static and dynamic commissioning tests;
 - 1.1.3.4 procedures for Performance Testing;
 - 1.1.3.5 procedures for Commissioning Tests; and
 - 1.1.3.6 schedule of Performance Testing and Commissioning Test activities.
- 1.2** The System Completion Plan will be submitted by the Borrower to the Independent Engineer no later than one year prior to the scheduled date for Commissioning as set out in the Project Schedule.
- 1.3** The Independent Engineer will have thirty (30) days from the time that the Borrower submits the System Completion Plan to provide written comments and recommendations to the Borrower (the “**IE Review**”).
- 1.4** The Borrower will revise and finalize the System Completion Plan based on the IE Review. The Borrower will submit the revised System Completion Plan to the Independent Engineer within ninety (90) days of receiving the IE Review.
- 1.5** The Independent Engineer will confirm acceptance of the revised System Completion Plan within fifteen (15) days of receipt. Upon receipt of the Independent Engineer’s confirmation the System Completion Plan shall be appended to this Schedule as Exhibit “A”.

2. TECHNICAL DISPUTE RESOLUTION

- 2.1 If the Borrower does not incorporate a comment or recommendation of the IE Review into the System Completion Plan then the Borrower must provide written reasons to the Independent Engineer detailing why the comment or recommendation was not adopted. The Borrower's written reasons must be submitted to the Independent Engineer within ninety (90) days of receipt of the IE Review.
- 2.2 Following the submission of the Borrower's written reasons for not adopting a comment or recommendation of the IE Review, the Borrower and the Funding Vehicle (collectively the "**Parties**") will have fifteen (15) days, during which the Parties will work together in good faith to reach a resolution. If a resolution is not reached within this period the matter will be deemed to be a dispute (the "**Technical Dispute**").
- 2.3 All Technical Disputes shall be resolved on an accelerated basis by an arbitrator who is a professional engineer qualified to understand and render an opinion regarding the Technical Dispute (the "**Technical Expert**"). The Parties shall confer in an effort to agree upon a Technical Expert within five (5) days. If the Parties are unable to agree upon the appointment of a Technical Expert, then at the end of such three (3) day period the Parties shall each, within three (3) days, notify the other Party in writing of its designation of a proposed Technical Expert. Within five (5) days of each Party's receipt of the proposed Technical Experts, the two (2) proposed Technical Experts shall select one of them to hear the Technical Dispute.
- 2.4 Each Party shall be required to put forward its proposed resolution to the Technical Dispute, based on an agreed statement of the nature of the Technical Dispute and agreed facts surrounding such dispute. Each Party's proposed resolution shall be delivered to the Technical Expert and the other Party not later than five (5) days after the selection of the Technical Expert.
- 2.5 The Technical Expert shall render a decision resolving the matter within five (5) days of receiving proposed resolution of the Parties. In rendering his or her decision, the Technical Expert shall be guided by consideration of this Agreement, Good Utility Practice, and Applicable Laws. For his or her decision, the Technical Expert shall only have the authority to select one Party's proposed resolution and, unless otherwise agreed to by the Parties in writing, shall make no other findings or determinations. The Technical Expert shall not award to either Party any relief greater than that initially sought by such Party in its proposed resolution. The decision of the Technical Expert with respect to the Technical Dispute shall be final and binding upon the Parties and not subject to appeal or review, whether through arbitration or otherwise.

EXHIBIT "A"

[System Completion Plan to be included as after it has been accepted in its final form by the Independent Engineer]

EXECUTION VERSION

LETTER AMENDING AGREEMENT

June 2, 2015

Sent By Electronic Mail

The Toronto-Dominion Bank, as Collateral Agent
TD Bank Tower
66 Wellington St. W., 9th Floor
Toronto ON M5K 1A2
Attention: Michael A. Freeman, Vice President, Loan Syndications-Agency

Maritime Link Financing Trust
c/o BNY Trust Company of Canada, as trustee
320 Bay Street, 11th Floor
Toronto, Ontario M5H 4A6
Attention: Corporate Trust Administration

Dear Sirs/Mesdames;

EXHIBIT B-1 OF THE ML CREDIT AGREEMENT


This letter will confirm our agreement to amend the ML Credit Agreement (the "MLCA") dated as at February 24, 2014 between The Toronto-Dominion Bank, as collateral agent, Maritime Link Financing Trust, by its trustee, BNY Trust Company of Canada, and NSP Maritime Link Incorporated, as borrower, pursuant to Section 17.2.1 of the MLCA as follows (the "Amendment"):

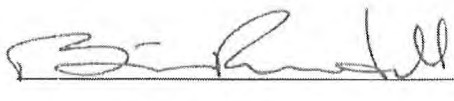
1. "Exhibit B-1" is deleted and replaced with "Schedule 1 to Exhibit B" attached hereto as Appendix 1 – New "Schedule 1 to Exhibit B".

Please confirm your agreement with the Amendment by signing below and returning one executed copy to my attention at your earliest convenience.

Yours truly,

NSP MARITIME LINK INCORPORATED

By: 
 Name: Rick Janega
 Title: President and CEO

By: 
 Name: BRIAN RENDELL
 Title: V.P. CORPORATE AFFAIRS

Acknowledged and agreed to this 30 day of June, 2015.

THE TORONTO-DOMINION BANK

By: <u><i>Michael A. Freeman</i></u>	By: _____
Name: <u>Michael A. Freeman</u>	Name: _____
Title: <u>Vice President, Loan Syndications - Agency</u>	Title: _____

MARITIME LINK FINANCING TRUST, by its trustee, BNY TRUST COMPANY OF CANADA

By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____


Acknowledged and agreed to this 30 day of June, 2015.

THE TORONTO-DOMINION BANK

By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

MARITIME LINK FINANCING TRUST, by its trustee, BNY TRUST COMPANY OF CANADA

By: _____	By: _____
Name: Chris McGregor	Name: _____
Title: Authorized Signatory	Title: _____



Acknowledged and agreed to this 30th day of June, 2015.

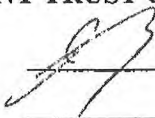
THE TORONTO-DOMINION BANK

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

MARITIME LINK FINANCING TRUST, by its trustee, BNY TRUST COMPANY OF CANADA

By: _____
Name: _____
Title: _____

By:  _____
Name: **J. Steven Broude**
Title: **Authorized Signatory**

APPENDIX 1
NEW "SCHEDULE 1 TO EXHIBIT B"

[attached]

SCHEDULE 1 TO EXHIBIT B**FINANCING AND PAYMENT TERMS RELATING TO SERIES A BONDS**

ML Construction Facility Limit: \$1.3 billion

FV Bonds: Series A Bonds issued by Maritime Link Financing Trust under the First Supplemental Indenture on April 23, 2014

FV Bond Maturity Date: December 1st, 2052.

Applicable Interest Rate: 3.5% per year, payable semi-annual in arrears on June 1, and December 1 of each year.

Sinking Fund Payments: Not Applicable

Sinking Fund Deposit Dates: Not Applicable

FV Payment Dates	Opening Principal Balance of ML Construction Loan	Principal Repayment of ML Construction Loan	Ending Principal Balance of ML Construction Loan	Interest Payment	Total payment of Principal and Interest
01-Jun-14	1,300,000,000	-	1,300,000,000	4,861,644	4,861,644
01-Dec-14	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Jun-15	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Dec-15	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Jun-16	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Dec-16	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Jun-17	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Dec-17	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Jun-18	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Dec-18	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Jun-19	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Dec-19	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Jun-20	1,300,000,000	-	1,300,000,000	22,750,000	22,750,000
01-Dec-20	1,300,000,000	20,000,000	1,280,000,000	22,750,000	42,750,000
01-Jun-21	1,280,000,000	20,000,000	1,260,000,000	22,400,000	42,400,000
01-Dec-21	1,260,000,000	20,000,000	1,240,000,000	22,050,000	42,050,000
01-Jun-22	1,240,000,000	20,000,000	1,220,000,000	21,700,000	41,700,000
01-Dec-22	1,220,000,000	20,000,000	1,200,000,000	21,350,000	41,350,000
01-Jun-23	1,200,000,000	20,000,000	1,180,000,000	21,000,000	41,000,000
01-Dec-23	1,180,000,000	20,000,000	1,160,000,000	20,650,000	40,650,000
01-Jun-24	1,160,000,000	20,000,000	1,140,000,000	20,300,000	40,300,000
01-Dec-24	1,140,000,000	20,000,000	1,120,000,000	19,950,000	39,950,000

FV Payment Dates	Opening Principal Balance of ML Construction Loan	Principal Repayment of ML Construction Loan	Ending Principal Balance of ML Construction Loan	Interest Payment	Total payment of Principal and Interest
01-Jun-25	1,120,000,000	20,000,000	1,100,000,000	19,600,000	39,600,000
01-Dec-25	1,100,000,000	20,000,000	1,080,000,000	19,250,000	39,250,000
01-Jun-26	1,080,000,000	20,000,000	1,060,000,000	18,900,000	38,900,000
01-Dec-26	1,060,000,000	20,000,000	1,040,000,000	18,550,000	38,550,000
01-Jun-27	1,040,000,000	20,000,000	1,020,000,000	18,200,000	38,200,000
01-Dec-27	1,020,000,000	20,000,000	1,000,000,000	17,850,000	37,850,000
01-Jun-28	1,000,000,000	20,000,000	980,000,000	17,500,000	37,500,000
01-Dec-28	980,000,000	20,000,000	960,000,000	17,150,000	37,150,000
01-Jun-29	960,000,000	20,000,000	940,000,000	16,800,000	36,800,000
01-Dec-29	940,000,000	20,000,000	920,000,000	16,450,000	36,450,000
01-Jun-30	920,000,000	20,000,000	900,000,000	16,100,000	36,100,000
01-Dec-30	900,000,000	20,000,000	880,000,000	15,750,000	35,750,000
01-Jun-31	880,000,000	20,000,000	860,000,000	15,400,000	35,400,000
01-Dec-31	860,000,000	20,000,000	840,000,000	15,050,000	35,050,000
01-Jun-32	840,000,000	20,000,000	820,000,000	14,700,000	34,700,000
01-Dec-32	820,000,000	20,000,000	800,000,000	14,350,000	34,350,000
01-Jun-33	800,000,000	20,000,000	780,000,000	14,000,000	34,000,000
01-Dec-33	780,000,000	20,000,000	760,000,000	13,650,000	33,650,000
01-Jun-34	760,000,000	20,000,000	740,000,000	13,300,000	33,300,000
01-Dec-34	740,000,000	20,000,000	720,000,000	12,950,000	32,950,000
01-Jun-35	720,000,000	20,000,000	700,000,000	12,600,000	32,600,000
01-Dec-35	700,000,000	20,000,000	680,000,000	12,250,000	32,250,000
01-Jun-36	680,000,000	20,000,000	660,000,000	11,900,000	31,900,000
01-Dec-36	660,000,000	20,000,000	640,000,000	11,550,000	31,550,000
01-Jun-37	640,000,000	20,000,000	620,000,000	11,200,000	31,200,000
01-Dec-37	620,000,000	20,000,000	600,000,000	10,850,000	30,850,000
01-Jun-38	600,000,000	20,000,000	580,000,000	10,500,000	30,500,000
01-Dec-38	580,000,000	20,000,000	560,000,000	10,150,000	30,150,000
01-Jun-39	560,000,000	20,000,000	540,000,000	9,800,000	29,800,000
01-Dec-39	540,000,000	20,000,000	520,000,000	9,450,000	29,450,000
01-Jun-40	520,000,000	20,000,000	500,000,000	9,100,000	29,100,000
01-Dec-40	500,000,000	20,000,000	480,000,000	8,750,000	28,750,000
01-Jun-41	480,000,000	20,000,000	460,000,000	8,400,000	28,400,000
01-Dec-41	460,000,000	20,000,000	440,000,000	8,050,000	28,050,000
01-Jun-42	440,000,000	20,000,000	420,000,000	7,700,000	27,700,000
01-Dec-42	420,000,000	20,000,000	400,000,000	7,350,000	27,350,000
01-Jun-43	400,000,000	20,000,000	380,000,000	7,000,000	27,000,000

FV Payment Dates	Opening Principal Balance of ML Construction Loan	Principal Repayment of ML Construction Loan	Ending Principal Balance of ML Construction Loan	Interest Payment	Total payment of Principal and Interest
01-Dec-43	380,000,000	20,000,000	360,000,000	6,650,000	26,650,000
01-Jun-44	360,000,000	20,000,000	340,000,000	6,300,000	26,300,000
01-Dec-44	340,000,000	20,000,000	320,000,000	5,950,000	25,950,000
01-Jun-45	320,000,000	20,000,000	300,000,000	5,600,000	25,600,000
01-Dec-45	300,000,000	20,000,000	280,000,000	5,250,000	25,250,000
01-Jun-46	280,000,000	20,000,000	260,000,000	4,900,000	24,900,000
01-Dec-46	260,000,000	20,000,000	240,000,000	4,550,000	24,550,000
01-Jun-47	240,000,000	20,000,000	220,000,000	4,200,000	24,200,000
01-Dec-47	220,000,000	20,000,000	200,000,000	3,850,000	23,850,000
01-Jun-48	200,000,000	20,000,000	180,000,000	3,500,000	23,500,000
01-Dec-48	180,000,000	20,000,000	160,000,000	3,150,000	23,150,000
01-Jun-49	160,000,000	20,000,000	140,000,000	2,800,000	22,800,000
01-Dec-49	140,000,000	20,000,000	120,000,000	2,450,000	22,450,000
01-Jun-50	120,000,000	20,000,000	100,000,000	2,100,000	22,100,000
01-Dec-50	100,000,000	20,000,000	80,000,000	1,750,000	21,750,000
01-Jun-51	80,000,000	20,000,000	60,000,000	1,400,000	21,400,000
01-Dec-51	60,000,000	20,000,000	40,000,000	1,050,000	21,050,000
01-Jun-52	40,000,000	20,000,000	20,000,000	700,000	20,700,000
01-Dec-52	20,000,000	20,000,000	-	350,000	20,350,000



OUTLINING AND UPDATING THE PROJECT FINANCING CONCEPTS FOR MARITIME LINK:

THE STRUCTURE AND
STATUS OF THE CANADA
GUARANTEE

NSP Maritime Link

Technical Conference –
Maritime Link

Halifax, Nova Scotia

February 23, 2016

Alison Manzer

amanzer@casselsbrock.com

416 869 5469



CASSELS BROCK
LAWYERS

TORONTO | VANCOUVER

MEGAPROJECT FINANCE – THE STARTING POINT

Project Finance asks five fundamental questions upon entering into the transaction:

- Can they build it?
- Will it work?
- Do they have the needed rights?
- Do they have the money?
- What can I do and take if I have a loss?

The Maritime Link financing also required:

- The form of guarantee and term sheet had very precise requirements
- The structure of the financing had to achieve credit substitution
- Canada required assurances for completion and revenue
- The offering had to provide lowest NPV of funds
- The power had to meet assured supply, environmental concerns and be the most cost effective
- Canada needed a level of supervision and control without overt control
- There were extensive and potentially competing public policy/political issues

And the following objectives relating to the FLG Financing Structure had to be met:

- Maximize credit substitution benefits of the FLG
- Ensure total guaranteed exposure of Canada does not exceed the agreed cap
- Minimize all-in cost for both the construction and long-term financing components, based on the risk adjusted NPV to ratepayers
- A complete financing solution, including the amount of funding available and the Lead Arranger's financial commitment to implementation of the solution
- Mitigation of interest rate risk
- Successful execution of the financing plan
- Debt repayment based on an amortizing profile following COD
- Simplified decision making with respect to execution of the financing arrangements

THE MARITIME LINK STRUCTURE HAD TO SATISFY...

- Expectations of the funding sources
- Expectation of the guarantors, including if applicable federal or provincial government
- Sources of available title insurance
- Reasonable expectations of Department of Justice Legal Counsel
- Reasonable expectations of external legal counsel, who should be saying what?

THE STRUCTURE TO ACHIEVE THE OBJECTIVES WAS DONE BY...

A Mix of Traditional Project Finance and Government Enhancements

Traditional project finance tools included:

- Project usual covenants from the project proponent
- An independent engineer's report
- An independent engineer's oversight of construction draws and progress
- An independent insurance consultant's report
- Security granted over the project assets including key contracts

The government enhancements included:

- Full revenue cover for all debt finance costs
- A government indemnity for change in legislation
- Government assurances as to required equity contribution
- Government assurances as to completion (a performance assurance)

Then there were the usual additional issues:

- Environmental assessment
- Aboriginal consultation

And some hybrid approaches:

- A guarantee assurance agreement
- A collateral agency arrangement with an experienced third party
- A cost overrun protocol
- The use of an extensive array of blocked accounts

CANADA'S SUPERVISION AND NEGATIVE CONTROL

With Canada in a credit substitution guarantor's role, negative control was the key for the agreement to absolutely commit:

- The loan guarantor, particularly a sovereign or political entity, will frequently want to control certain aspects of the project, its development and financing, without having a direct hold of or control over the project or the assets
- A guarantor, particularly one operating on a credit wrap basis, will want the usual protections which would be provided to a secured creditor (control over advances, use of funds, construction progress among others)
- The finance structure used "monoline" credit insurer concepts to achieve indirect control: the indirect control consists of a required Canada consent to changes from a base line of requirements for advances and construction progress, waivers and taking of action in the event of default
- A collateral agency method of delivering indirect control was developed, using a collateral agent under the direction of Canada, Canada is a step removed from exercising control in a secured creditor relationship

PUBLIC POLICY CONSIDERATIONS

Balancing public policy and commerce – it can be done:

- The best way of ensuring that there is a suitable balancing of public policy and commercial requirements is to translate the public policy requirements into a commercial result
- Early on it is necessary to understand what elements of public policy and supporting legislation can change within the lifespan of the commercial transaction and find a basis to underpin commercial requirements for those potential changes (it is not possible to fetter the discretion of future governmental action and accordingly indemnities, insurance and other support for the required public policy or legislated environment may be needed)
- It is very important for the lawyers with a public policy bent to understand commercial expectations, they cannot assume that the commercial portions of the transaction will understand or accommodate the public policy underpinnings, using the commercial approach and adjusting for public policy needs is likely to be more successful
- It is important to recognize where the initial business agreements involving public policy should be made firm, intransmutable, and where it is better to provide some room for change as the commercial transaction evolves (they all do)

CONDITIONS PRECEDENT ESTABLISHED INITIAL CONTROL

Setting them is easy, satisfying them not so much — but they were essential:

- The primary difference between conditions precedent established for a publicly intervened project finance transaction is most likely to be the early stage at which the term sheet becomes a mandate, and the vague words of the term sheet will require translation into the terms of the transaction with a lack of flexibility commercial practitioners are not used to
- Transactions generally will evolve from term sheet and the initial setting of conditions precedent to the ultimate structure and documentation of the deal, conditions precedent that are set in a manner that does not allow evolution, once it becomes mandated, can create significant difficulties in the structuring and documentation of the transaction
- Conditions precedent in term sheets are not precise, that can be both good and bad for achieving the public policy underpinning the selection of the conditions precedent
- Many of the conditions precedent are usual commercial, project finance, conditions precedent which should be given room to accommodate in the usual manner for project finance
- It is important to understand which of the conditions precedent that underpin important policy decisions and therefore should not evolve with the transaction and those which are merely the mimic of commercial conditions precedent which should have the flexibility to evolve in the usual manner
- It is important to understand the issue that underpins each of the conditions precedent which is to be set, understanding that issue will allow appropriate drafting at an early stage, appropriate evolution as the transaction evolves, and wording which allow satisfaction in the context of the usual commercial closing process

RATING REQUIREMENTS WERE KEY

Canada's AAA was achieved by a credit substitution guarantee structure and the rating agencies required:

- Contractors for the Project that will be used will be very experienced in that they will be generally recognized in the context of the sector and/or project location as having a consistent record of delivering similar projects on time in accordance with design and to budget and are benchmarked against global contractors for this type of project
- The project team will include an experienced project director who has a track record of delivering similar projects to target budget and schedule under the type of contract used
- The contractors will have a proven record of selecting and maintaining subcontractors
- The engineering, design and procurement of materials, construction and management are risks will be borne by the contractor either through its own labour or subcontractors based on an agreed scope and specifications
- The contracts for the Project will be for a fixed price and schedule with a limited risk of variations to affect the project's costs and time of completion
- A major contractor will coordinate all construction activities and has moderate to high alignment with the project goals, that is the contract creates a high incentive to perform
- All operating costs will be recovered from NSPI through regulated rates once approved by the Nova Scotia-based Utilities and Review Board (UARB)
- The UARB application will have been approved as filed
- No material issues are raised in the independent engineer's report or the independent insurance consultant's report, the ProjectCo debt will receive no benefit from the federal loan guarantee with respect to the Project, and
- Our view of Emera's and NSPI's creditworthiness remains unchanged and is no lower than their current level (which is BBB+/Negative/--)

SOME USEFUL NOTES ABOUT THE FINANCE CONCEPTS

Secured Credit Rights Were Used

- Canada was given the power and authority, through the direction of a collateral agent, to take control and direct completion of the project in the event of default as to the construction process. Using milestones, Canada would have the ability to take on greater direction and control, to assure completion of the project if construction milestones were not properly met.

Contingency Techniques

- Standard project finance techniques were used to ensure timeliness of proceeding with construction of the project. Initially the construction budget, which drove the required amounts of debt and equity for the project, were reviewed to ensure they included appropriate contingency and expected cost, within the anticipated timelines and with the possibility of more extended timelines.

Milestones to Monitor

- A key element milestones covenant was included in the project finance agreements giving Canada the ability to direct and have a greater say in the progress of construction in the event that milestones were not met. Inclusion of all of these factors meant that Canada, as credit wrap guarantor, was not taking on risk of increased exposure or costs for Canada in the event of delay in the timelines because assurances had been received that there would be adequate money to carry the project to commissioning regardless of extended timelines.

Independent Engineer Review and Control

- Usual project finance techniques were used to deal with the risk of the project being constructed in accordance with approved plans and specifications. A very detailed review by an independent engineer was undertaken before reaching financial closing, and a fulsome report issued to, among others, Canada providing assurance that the plans and specifications were adequate and in accordance with the usual engineering practice and standards. The independent engineer remains retained throughout the construction period, and will be undertaking monthly review, semi-annual updates and detailed annual reviews of the construction, and its compliance with plans and specifications. On a monthly basis the construction draws will require signoff by the independent engineer that the request for funding, and the progress of construction, was strictly in accordance with the approved plans and specifications.

- The independent engineer report, which was completed and delivered prior to financial close, included detailed commentary on the contracting protocols, the availability of supply, the cost effectiveness and estimates of supply, among other matters. Extensive due diligence was undertaken to ensure that the components of the project would be available, available on a timely basis, and were costed into the project budget on a reasonable and industry-usual basis.
- A world leading engineering firm, with extensive large scale power project expertise, was retained as independent engineer with regard to the project. The independent engineer's retainer, supported by a reliance agreement, required direct reporting to Canada with regard to all of the matters placed within its scope of review. One of the key elements of an independent engineer review, and report, is to report on commercial viability and operation. In this case the review required only a review of the capability of performing in accordance with the expected output, that is to review the plans, specifications and procurement plans to ensure that the project, when completed, would deliver power in accordance with the expected output.

Change Order Control

- A change order protocol was included which would require the approval of the independent engineer and oversight by the collateral agent, with a right to direct on the part of Canada to ensure that changes were not undertaken which would be contrary to the construction proceeding in accordance with the approved plans and specifications. A commissioning protocol was also developed, which would require oversight by the independent engineer and the issuance of a final commissioning report.

Commissioning Approval

- The final approval of commissioning, effectively the commencement of commercial operation, for the project also required the consent and approval of Canada. This allowed appropriate, experienced and independent, oversight over construction to ensure it was being undertaken strictly in accordance with previously approved plans and specifications.

Insurance Requirements

- Project finance usual techniques were used to ensure that insurance was being placed, and would continue to be carried, at suitable and required levels. An independent insurance consultant was retained to undertake a review of the proposed insurance program. The independent insurance consultant reported to, among others, Canada. This highly qualified insurance consultant ensured that the planned insurance program would meet the reasonable needs of the project, in accordance with high-level industry usual standards. The insurance was then

placed against the recommendations made by the insurance consultant, and the insurance experts retained by the proponent; these were bound, and placed before the time of financial close. Canada, as credit wrap guarantor, has a direct interest in the insurance policies through the endorsements and security which was obtained over the project assets. The insurance consultant reviewed the terms of the project finance agreement to ensure that the ongoing contractual requirements for the obtaining and maintenance of insurance were adequate, and a report and revised drafting was completed based upon those recommendations. The proponent has a contractual obligation to continue with insurance coverage in accordance with the requirements set by the independent insurance consultant. The independent insurance consultant will undertake yearly reviews, and a specific review at the time of commissioning, to report on the maintenance of the insurance and to recommend changes if and as required. The proponent is required to adjust insurance in accordance with the requirements set by the independent insurance consultant.

Cost Increase and Overruns

- Cost escalation is dealt with in project finance by the use of a number of techniques. Ongoing monitoring of the costs of the project, including cost complete concepts, were built into the construction draw process. At each construction draw the cost to complete has to be identified, and shortfalls to budget and available funds noted, this is then reviewed and commented upon by the independent engineer and will affect the ability to receive construction draws. As long as the project is proceeding on budget, then construction draws simply advance against a debt to equity ratio ensuring that equity is being provided on a timely basis.

Bankruptcy Remote

- The financial structure developed for the Canada guaranteed funding provided for an absolute, and complete, segregation of project finance risk from the proponents, effectively resulting in the market acceptance of Canada only risk. Financing was obtained through a broadly-based private placement of bonds to institutional investors. Those bonds were issued by a special purpose financing vehicle established with the participation of Canada, advising on its structure and requirements. That special purpose vehicle had no assets or liabilities other than debt obligation to the financial institutions that acquired its bonds, and the corresponding asset of the loan which it made to the project proponent. Then, a credit wrap style guarantee was developed for the financial loan guarantee, Canada provided an absolute, unconditional and irrevocable guarantee of the obligations of this financing vehicle. Investors acquiring the bonds acquired a bond, with this guarantee in place, there is no possibility of any other obligations or liabilities

affecting the credit status of the issuer of the bonds. The nature of the guarantee was such that the rating agencies agreed credit substitution had occurred, and the only relevant credit was that of Canada. This was effectively an absolute segregation, and although a structure that could be followed for other projects, it was unique to date in Canada. Project risk was taken by Canada, and mitigated by the methods described elsewhere. Effectively, and regardless of why, if there was a default in payment, Canada would pay on the guarantee. Canada would then use its rights in the project finance portion of the structure to protect itself with regard to the project risk. These project risks and the mitigation steps are described earlier, and elsewhere, in this outline.

Amortization as Protection

- The decision was made to work with a fully amortising, long term, financing structure. The analysis was done to identify a suitable term based upon the life of the project. It was also determined that this would be a construction to take out integrated funding project, using the federal loan guarantee it was possible to acquire the financing at the commencement of construction, on terms which were suitable for continued long term participation. The term was carefully chosen on a cost effectiveness for the rate payers basis, while recognizing the requirements of Canada to have a reducing guarantee obligation. It is not possible in a brief outline to summarize the process by which the nature of the investor based bond offering was determined, it did result in a fixed rate and term bond. Market acceptance for this structure was high, with the offering overselling in a very short period of time, and within the tight pricing that was desired by the proponent.
- There is no one way to do these offerings, the market, by its pricing and response to the Muskrat Falls offering indicated that a bond offering was very attractive to the market. Attraction in the market means lower interest rate, lower cost, and is therefore attractive to all of the participants. Extensive reviews and discussions were held to identify the most effective structure. Of course, the offering would not have resulted in the same market acceptance and pricing without the Canada guarantee.

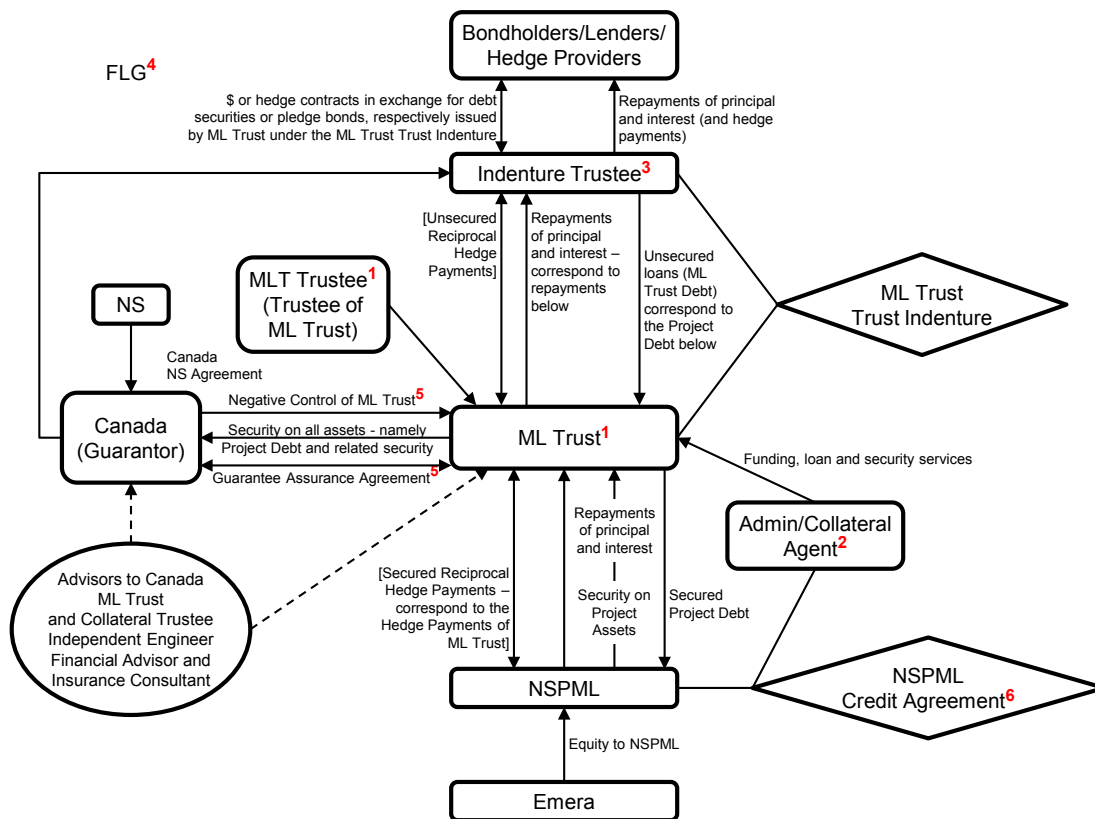
Control Without Overt Control

- We developed a concept of negative control for the financial loan guarantee provided by Canada. This concept was used, rather than direct control, for a number of reasons including Canada's lack of backroom capability to provide the level of monitoring, supervision and oversight that would be involved in a full control type of arrangement and the desire of Canada not to be perceived as interfering in or taking control over this regional project. Negative control was achieved by using project finance usual terms and conditions in the credit

agreement. These terms give significant control to the secured creditor as to actions, or omissions, which could jeopardize the completion and operation of the project in the manner intended. In this case those rights were given to a collateral agent, set up to act as a trustee and agent. In practice the only named party which would have an interest was Canada, and accordingly the collateral agent would look to Canada for guidance at any time when a step or action might need to be taken to ensure the project was constructed and operating in accordance with the approved plans. For key matters such as changes to financing or to the project, the specific requirement was included to obtain the consent of Canada failing which the matter could not be undertaken. Canada does not control in the sense of directing how the project will be constructed or undertaken, rather its control arises as a consequence of approval of the present plans and a requirement for its consent if those plans change.

- Canada has been given the ability to take greater direction and control, including full ownership control, in an identical matter to that which would be available to a first senior secured lender. In the event of default on the part of the proponent, Canada has the ability to direct its collateral agent to take control over the project, and to complete construction, terminate construction or operate, as appropriate, in accordance with the instructions of Canada.

MARITIME LINK TRANSACTION WRAP STRUCTURE^A



^A Defined terms have the meaning given to them in the FLG Term Sheet.

This chart is based on the LCP Transaction Wrap Structure chart provided to the rating agencies, with modifications to show the proposed implementation of the general structure for the Maritime Link Project.

Notes on FLG Wrap Structure

1. ML Trust will be a trust, with a professional trustee of recognized standing (e.g., Computershare Canada) acting as trustee thereof, that would be settled by NSPML or any affiliate thereof. The selection of such trustee to be approved by Canada and Emera.

Although not shown on the diagram, it is anticipated that a separate trust administrator will need to be retained in order to handle routine administrative tasks on behalf of ML Trust (e.g. maintaining accounting records, filing tax returns).

2. The Admin/Collateral Agent or Trustee (the “**Collateral Trustee**”) (the selection of which is to be approved by Canada and Emera) will be a major banking or financial institution with demonstrated project finance qualifications. The Collateral Trustee will have the responsibility to administer the following on behalf of ML Trust (with the usual guarantor’s involvement by Canada – see note 5 below):
 - i) all disbursement processes and analyses for the Project Debt pursuant to the NSPML Credit Agreement or Trust Indenture; and
 - ii) the receipt of all revenues by NSPML and the distribution thereof in accordance with the priority waterfall, such that debt service from NSPML to ML Trust is assured and the operating and maintenance expenses and equity distributions are funded. This waterfall would also contemplate recoupment of payments made by Canada under the FLG immediately before distributions to equity holders.

Note that the Collateral Trustee will receive its instructions from ML Trust (with the usual guarantor’s involvement, if required, by Canada as explained in note 5 below).

3. The Indenture Trustee will be a professional trustee of recognized standing (e.g., Computershare Canada) (the selection of which is to be approved by Canada and the relevant Proponent) and will be responsible for administering the scheduled payments to be made to the Lenders/ Hedge Providers.

The Indenture Trustee will receive instructions from the Lenders/Hedge Providers as to rights arising under the ML Trust Trust Indenture.

4. Guarantee by Canada to the Indenture Trustee, for and on behalf of the Lenders/Hedge Providers, of the payments due to the Lenders/Hedge

Providers under the Guaranteed Debt (ML Trust Debt and ML Trust Hedge Contracts), as they become due.

5. Canada, ML Trust, the Collateral Trustee and NSPML will be party to the Guarantee Assurance Agreement pursuant to the terms of which:
 - i) Canada shall undertake to issue the FLG upon satisfaction of all FLG Conditions Precedent set forth in Part A of Section 3.5 of the FLG Term Sheet and all FLG Conditions Precedent set forth in Part B of Section 3.5 of the FLG Term Sheet as regards only NSPML and Project Debt to which the ML Trust Debt guaranteed under such FLG relates;
 - ii) as in the case of any guarantor, Canada will exercise negative control over all decisions to be made by ML Trust, such that the covenants, representations and warranties and disbursement and enforcement provisions under the Project Debt and NSPML Credit Agreement or Trust Indenture will not be amended, enforced or waived in accordance with the terms of the Financing Documents of such Project Debt, unless Canada otherwise agrees, and advances will be made only on the satisfaction of the protocol set out in the Financing Documents (the "**Negative Control Provisions**");
 - iii) the Collateral Trustee will agree to report to and obtain any required consent from Canada through the Negative Control Provisions;
 - iv) ML Trust shall indemnify Canada for all amounts it may pay under the FLG and all costs and expenses it may incur in its function as guarantor and in exercising its rights under the Financing Documents; and
 - v) in order to secure its obligations under the indemnity contemplated in clause (iv) above, ML Trust shall grant security in favour of Canada on all its assets including the Project Debt and all security granted in its favour by NSPML.
6. NSPML will structure the Project Debt by means of a credit agreement that may not mirror the form of the ML Trust Debt, but will ensure the ML Trust Debt is adequately funded so as to meet all of its Guaranteed Debt payment obligations.

NON-CONFIDENTIAL

1 **Request IR-10:**

2
3 **Exhibit N-3, Appendix C, M07348 IR-17(a)**

4
5 **In material filed under M07348, a footnote was provided in response to NSUARB IR-17**
6 **that the “Debt Service Reserve Account is a requirement of the Federal Loan Guarantee”.**

7
8 **(a) Please explain what this is and identify what NSPML’s obligations are related to**
9 **this each year throughout both the project construction and through the life of the**
10 **asset.**

11
12 **(b) What does the remainder of Cash on hand (ranging up to \$152 million in 2020)**
13 **relate to?**

14
15 **(c) What additional costs has this “Cash on hand” imposed on the project?**
16 **Ratepayers?**

17
18 **Response IR-10:**

19
20 **(a) The Debt Service Reserve Account (“DSRA”) is a requirement of the FLG as outlined in**
21 **section 4.16 of the 2012 FLG “Term Sheet” which was provided as Appendix 4.03 to**
22 **NSPML’s original 2013 Application and now attached as NSUARB IR-9, Attachment 1,**
23 **and as prescribed in Article 8.3 of the ML Credit Agreement (please refer to NSUARB**
24 **IR-9, Attachment 2). The Minimum DSRA Requirement is defined as “an amount equal**
25 **to the total interest payable and the portion of the principal amount of the ML**
26 **Construction Loan repayable under the ML Construction Facility for the period of six**
27 **months following such Minimum DSRA Requirement Fixing Date.” This requirement**
28 **remains in place during the term of the debt. The total balance required to meet this**
29 **requirement is identified on the Balance Sheet in the attachment to NSUARB IR-31(e). A**

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1 DSRA is common in large project financing structures and serves to protect Canada as
2 the guarantor of the debt and enables the benefits of the FLG for the benefit of Nova
3 Scotia customers.

4
5 (b) Cash balances referred to in response to NSUARB IR-17 include the DSRA balance of
6 \$22,750,000 (equaling the semi-annual interest obligation in each of 2018 and 2019). The
7 remaining cash on hand relates to rate revenues collected from NS Power and invested on
8 behalf of customers to fund debt principal and return of equity. Please refer to
9 NSUARB IR-11(a) for further details.

10
11 (c) The cash balance referred to in (b) is held in an account controlled by the Collateral
12 Agent. The account balance is invested as prescribed by the definition of Permitted
13 Investments under the terms of the ML Credit Agreement. Interest revenues are netted
14 against debt financing costs such that the overall annual rate revenue requirement is
15 minimized for the customers' benefit.