

AGREEMENT TERMINATING SANCTION AGREEMENT

THIS AGREEMENT TERMINATING SANCTION AGREEMENT is made effective the 31st day of July, 2014 (the "**A&R Effective Date**")

AMONG:

NALCOR ENERGY, a body corporate existing pursuant to the *Energy Corporation Act* being Chapter E-11.01 of the *Statutes of Newfoundland and Labrador, 2007*, solely in its own right and not as agent of the NL Crown ("**Nalcor**")

- and -

EMERA INC., a company incorporated under the laws of the Province of Nova Scotia ("**Emera**")

- and -

NSP MARITIME LINK INCORPORATED, a body corporate incorporated under the laws of the Province of Newfoundland and Labrador ("**NSPML**")

WHEREAS:

- A. Nalcor and Emera entered into a Sanction Agreement effective December 17, 2012 (the "**Sanction Agreement**") providing for, among other things, (i) sanction of the Maritime Link, the Muskrat Falls Plant, the Labrador-Island Link and the Labrador Transmission Assets, (ii) certain obligations of the Parties in relation to the NS Regulatory Application, and (iii) certain related amendments to the original Maritime Link Joint Development Agreement, the original Newfoundland and Labrador Development Agreement and other Original Formal Agreements;
- B. pursuant to separate assignment agreements effective January 28, 2013, Emera assigned all of its right, title and interest in each of the Original ML Agreements to NSPML;
- C. by its decision dated July 22, 2013 in respect of the NS Regulatory Application filed by NSPML (the "**ML Decision**") the UARB approved the ML Project, subject to the fulfillment of certain conditions as set forth in the ML Decision;
- D. by a Maritime Link Compliance Filing filed on October 21, 2013, NSPML filed evidence to satisfy the UARB's condition on Market-priced Energy (as defined in the ML Decision) and otherwise accepted and agreed to all the other conditions in the ML Decision;
- E. by its decision dated November 29, 2013 (the "**Supplemental Decision**") the UARB decided that it is satisfied that the conditions outlined in the ML Decision have been met and that

the ML Project is approved in accordance with the ML Decision and the Supplemental Decision; and

- F. contemporaneously with the execution and delivery of this Agreement, Nalcor and Emera have entered into separate agreements (the **"A&R Formal Agreements"**) amending and restating certain of the Original Formal Agreements and superseding the Sanction Agreement, effective as of the A&R Effective Date;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals:

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

"A&R Formal Agreements" has the meaning set forth in the preamble to this Agreement;

"A&R ML-JDA" means the amended and restated Maritime Link Joint Development Agreement of even date herewith between Nalcor and Emera;

"Agreement" means this agreement as it may be modified, amended, supplemented or restated by written agreement between the Parties;

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

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

"Authorized Authority" means, in relation to any Person, property, transaction or event, any (a) federal, provincial, state, territorial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), (b) agency, authority, commission, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, (d) private regulatory entity, self-regulatory organization or other similar Person, or (e) other body or entity created under the authority of or

otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, property, transaction or event;

"Claims" means actions, suits, claims, demands, causes of action, damages, interest, costs, expenses and compensation of whatsoever nature and kind, whenever and howsoever arising, whether known or unknown and which a Releasor now has or ever had or at any time hereafter can, shall or may have, including not only known losses and damages but any future actions, suits, claims, demands, causes of action, damages, interest, costs, expenses and compensation of whatsoever nature and kind not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof;

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

"Emera" has the meaning set forth in the preamble to this Agreement and includes its successors;

"Emera Persons" means Emera and its Affiliates, including NSPML, and their respective directors, officers, managers, employees, agents and representatives and the successors and assigns of each of them;

"Energy and Capacity Agreement" means the agreement dated July 31, 2012 between Nalcor and Emera relating to the sale and delivery of the Nova Scotia Block;

"Formal Agreements" has the meaning set forth in the A&R ML-JDA;

"Joint Operations Agreement" means the agreement dated July 31, 2012 between Nalcor and Emera relating, among other things, to the operation and maintenance of the Maritime Link, the Labrador-Island Link and the Labrador Transmission Assets;

"Labrador-Island Link" has the meaning set forth in the A&R ML-JDA;

"Labrador Transmission Assets" has the meaning set forth in the A&R ML-JDA;

"ML Agreements" means the Maritime Link Joint Development Agreement, the Energy and Capacity Agreement, the Maritime Link (Nalcor) Transmission Service Agreement, the Nova Scotia Transmission Utilization Agreement and the Joint Operations Agreement;

"ML Decision" has the meaning set forth in the preamble to this Agreement;

"ML Project" has the meaning set forth in the A&R ML-JDA;

"Maritime Link" has the meaning set forth in the A&R ML-JDA;

"Maritime Link Joint Development Agreement" means the agreement dated July 31, 2012 between Nalcor and Emera relating to the development of the Maritime Link;

"Maritime Link (Nalcor) Transmission Service Agreement" means the agreement dated July 31, 2012 between Nalcor and Emera relating to Transmission Rights on the Maritime Link other than in respect of the Nova Scotia Block;

"Muskrat Falls Plant" has the meaning set forth in the A&R ML-JDA;

"NL" means the Province of Newfoundland and Labrador;

"NL Crown" means Her Majesty the Queen in Right of the Province of Newfoundland and Labrador;

"NSPML" has the meaning set forth in the preamble to this Agreement and includes its successors;

"NS Regulatory Application" has the meaning set forth in the A&R ML-JDA;

"Nalcor" has the meaning set forth in the preamble to this Agreement and includes its successors;

"Nalcor Persons" means Nalcor and its Affiliates, and their respective directors, officers, managers, employees, agents and representatives and the successors and assigns of each of them;

"Newfoundland and Labrador Development Agreement" means the agreement dated July 31, 2012 among Nalcor, Emera and other parties relating to, among other things, the Labrador-Island Link;

"Nova Scotia Block" has the meaning set forth in the Energy and Capacity Agreement;

"Nova Scotia Transmission Utilization Agreement" means the agreement dated July 31, 2012 between Emera and Nalcor relating to the provision of transmission service by Emera to Nalcor through the Province of Nova Scotia;

"Original Formal Agreements" means the original versions of the Formal Agreements dated July 31, 2012;

"Original ML Agreements" means the original versions of the ML Agreements dated July 31, 2012;

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

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

“Releasor” means a Party granting a release pursuant to **Section 3.2 or 3.3**;

“Sanction Agreement” has the meaning set forth in the preamble to this Agreement;

“Supplemental Decision” has the meaning set forth in the preamble to this Agreement;

“Transmission Rights” means contractual rights to receive transmission service on specifically identified transmission infrastructure and transmission congestion rights;

“UARB” means the Utility and Review Board body established pursuant to the *Utility and Review Board Act* (Nova Scotia); and

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

1.2 Construction of Agreement

- (a) Interpretation Not Affected by Headings, etc - The division of this Agreement into articles, sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms **“this Agreement”**, **“hereof”**, **“herein”**, **“hereby”**, **“hereunder”** and similar expressions refer to this Agreement and not to any particular Article or Section hereof.
- (b) Singular/Plural; Derivatives - Whenever the singular or masculine or neuter is used in this Agreement, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires. Where a term is defined herein, a capitalized derivative of such term has a corresponding meaning unless the context otherwise requires.
- (c) “Including” - The word “including”, when used in this Agreement, means “including without limitation”.
- (d) No Drafting Presumption - The Parties acknowledge that their respective legal advisors have reviewed and participated in settling the terms of this Agreement and agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not apply to the interpretation of this Agreement.

1.3 Applicable Law and Submission to Jurisdiction

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

ARTICLE 2 TERMINATION OF SANCTION AGREEMENT

Nalcor and Emera, having executed and delivered the A&R Formal Agreements, agree that the Sanction Agreement is hereby terminated and of no further force or effect.

ARTICLE 3 ACKNOWLEDGEMENT AND RELEASES

3.1 Acknowledgement

Each of Nalcor and Emera acknowledges and agrees that, upon the execution and delivery by both Parties of the A&R Formal Agreements, all of their respective liabilities and obligations arising under or resulting from or in connection with the Sanction Agreement have been fully discharged and performed as of the A&R Effective Date.

3.2 Release by Nalcor

Subject to **Section 3.4**, Nalcor does hereby release and forever discharge the Emera Persons, and each of them, of and from any and all Claims in any way arising or resulting from or in any way connected with the Sanction Agreement.

3.3 Release by Emera and NSPML

Subject to **Section 3.4**, each of Emera and NSPML does hereby release and forever discharge the Nalcor Persons, and each of them, of and from any and all Claims in any way arising or resulting from or in any way connected with the Sanction Agreement.

3.4 Surviving Obligations and Liabilities

For greater certainty, **Section 3.2** does not release or discharge Emera or NSPML, and **Section 3.3** does not release or discharge Nalcor, from any obligations or liabilities that by the terms of an A&R Formal Agreement survive and continue to exist on and after the A&R Effective Date.

ARTICLE 4
MISCELLANEOUS PROVISIONS

4.1 Counterparts

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

4.2 Further Assurances

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

4.3 Amendments

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

4.4 Survival

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

4.5 Successors and Assigns

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

4.6 Waiver of Sovereign Immunity

A Party that now or hereafter has a right to claim sovereign immunity for itself or any of its assets hereby waives any such immunity to the fullest extent permitted by Applicable Law. Each Party acknowledges that its rights and obligations under this Agreement are of a commercial and not a governmental nature.

4.7 Capacity of Nalcor

Nalcor is entering into this Agreement, and Emera and NSPML acknowledge that Nalcor is entering into this Agreement, solely in its own right and not on behalf of or as agent of the NL Crown.

[Remainder of this page intentionally left blank]

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

Executed and delivered by Nalcor Energy,
in the presence of:


Name: James Meaney

NALCOR ENERGY

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

By: 
Name: Rob Hull
Title: General Manager, Finance

We have authority to bind the corporation.

Executed and delivered by Emera Inc.,
in the presence of:

Name: Rene Gallant

EMERA INC.

By: _____
Name: Chris Huskilson
Title: President and Chief Executive Officer

By: _____
Name: Nancy Tower
Title: Executive Vice-President, Business
Development

We have authority to bind the company.

Executed and delivered by NSP Maritime Link
Incorporated, in the presence of:

Name: Rene Gallant

NSP MARITIME LINK INCORPORATED

By: _____
Name: Richard Janega
Title: Chief Executive Officer

By: _____
Name: Chris Huskilson
Title: Director

We have authority to bind the corporation.

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

Executed and delivered by Nalcor Energy,
in the presence of:

NALCOR ENERGY

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

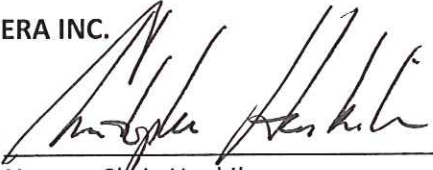
Name: James Meaney

By: _____
Name: Rob Hull
Title: General Manager, Finance

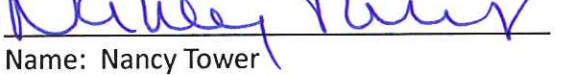
We have authority to bind the corporation.

Executed and delivered by Emera Inc.,
in the presence of:

EMERA INC.

By: 
Name: Chris Huskison
Title: President and Chief Executive Officer



Name: Rene Gallant

By: 
Name: Nancy Tower
Title: Executive Vice-President, Business Development

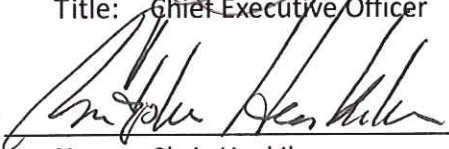
We have authority to bind the company.

Executed and delivered by NSP Maritime Link
Incorporated, in the presence of:

NSP MARITIME LINK INCORPORATED

By: 
Name: Richard Janega
Title: Chief Executive Officer


Name: Rene Gallant

By: 
Name: Chris Huskison
Title: Director

We have authority to bind the corporation.