

ALTALINK, L.P.

**Transmission Terms and
Conditions Pursuant to
Decision 3524-D01-2016
April 27, 2017**

1. TRANSMISSION TERMS AND CONDITIONS

These Transmission Terms and Conditions (“T&Cs”) set forth the terms and conditions of service in accordance with Section 39 of the EUA upon which AltaLink, L.P. (hereinafter referred to as the “TFO”) will provide Transmission Services to the Independent System Operator (hereinafter referred to as the “ISO”), established in accordance with section 7 of the EUA.

Notwithstanding anything to the contrary set out in these T&Cs, and subject to the requirements of the EUA, the TFO must comply with ISO Rules, Reliability Standards and ISO Directions. In the event of a conflict between these T&Cs and the EUA, the EUA shall prevail. In the event of a conflict between these T&Cs and any ISO Rule, Reliability Standard or ISO Direction, the ISO Rule, Reliability Standard or ISO Direction shall prevail.

For greater certainty, nothing in these T&Cs shall be construed as limiting the application of or the protection afforded by the EUA, nor to impose upon the parties any greater liability than imposed by the EUA.

2. DEFINITIONS

In these T&Cs the following words and expressions have the following meanings:

“Article” — means the headings assigned to this document;

“EUA” — means the Electric Utilities Act, S.A., 2003, c. E-5.1 as amended from time to time, and all regulations made thereunder;

“Force Majeure” — has the meaning ascribed thereto in Article 6 hereof;

“Good Electric Operating Practice” — means in respect of a party, the standard of practice attained by exercising that degree of knowledge, skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type

of undertaking under the same or similar circumstances. Good Electric Operating Practice is not restricted to the optimum practice or course of action to the exclusion of all others but rather comprises the spectrum of reasonable practices, methods or acts applicable to the circumstances, and having regard to economic considerations;

“IES” — means the "interconnected electric system" as defined in the EUA;

“Interconnecting Facility” — means a distribution, generation, transmission, industrial system facility or a facility owned by a market participant directly connected to the TFO’s facilities, and operated by a party other than the TFO;

“ISO Direction” — means "direction" as defined in the ISO’s Consolidated Authoritative Document Glossary;

“ISO Member” — means an individual appointed as a member of the ISO pursuant to section 8(1) of the EUA;

“ISO Rules” — means rules made by the ISO pursuant to sections 20 and 20.6 of the EUA;

“Reliability Standards” — means the reliability standards that apply in Alberta pursuant to section 19 of the Transmission Regulation;

“System Security” — means "system security" as defined in the ISO’s Consolidated Authoritative Document Glossary;

“Transmission Facility” — means "transmission facility" as defined in the EUA;

“Transmission Regulation” — means the Transmission Regulation (AR 86/2007), as amended from time to time; and

“Transmission Services” — means the services to be provided by the TFO required to transport electricity and Real-Time Data by means of the TFO’s Transmission Facility in accordance with the EUA, ISO Rules, ISO standards,

Reliability Standards, ISO business practices and ISO interconnection processes, such that the ISO can fulfill its duties as defined in the EUA.

3. PROVISION OF SERVICES

3.1 Provision of Transmission Services

The TFO shall provide Transmission Services to the ISO. Notwithstanding the obligation to provide Transmissions Services or any other provision of these T&Cs, the TFO may, without liability of any kind to the ISO, interrupt or curtail the provision of Transmission Services:

- (i) if the TFO, acting reasonably, determines that public safety, personnel safety or the physical integrity of its Transmission Facility or any Interconnecting Facility is at risk, including conditions of forced outage to protect the TFO's Transmission Facility; or
- (ii) if the TFO, acting reasonably, determines that such interruption or curtailment is required in order to address an emergency and adhere to Good Electric Operating Practice, including the assessment of risk of damage to electric facilities, risk to the safety of utility employees or the public, and risk of undue injury to the environment and in making such determination the TFO shall have regard for the impact of the interruption or curtailment on System Security.

4. PAYMENT TERMS

4.1 Obligation to Pay

Subject to the Alberta Utilities Commission's ("AUC") approval of the TFO's general tariff application or an interim refundable rider setting out the TFO's annual revenue requirement ("AUC Approved Costs"), on or before the 10th Business Day of each month the TFO will invoice the ISO for these AUC Approved Costs in an amount equal to one twelfth of the TFO's AUC Approved Costs (the "Invoiced Amounts"). Should the AUC approve or order

a change to the TFO's annual revenue requirement, the TFO will revise its invoices to the ISO to reflect this change.

The ISO will pay to the TFO, on or before the 20th Business Day of each month, the Invoiced Amounts for the preceding production month.

Invoiced Amounts payable by the ISO related to transmission operations may be netted against amounts payable to the ISO by the TFO, provided that all amounts so netted are itemized in the ISO's monthly statement of account for transmission operations. Netting will only occur within a single legal entity.

The ISO's obligation to pay the TFO the Invoiced Amounts in accordance with this provision continues notwithstanding any interruption or curtailment of the TFO's Transmission Services for any reason whatsoever, including an event of Force Majeure.

4.2 Late Payment Charges

Subject to netting as set out above, should the ISO fail to pay in full any Invoiced Amounts to the TFO on or before the due date for that Invoiced Amount, then the ISO will pay:

- (a) an amount of interest on the outstanding balance of such Invoiced Amount ("Outstanding Balance") calculated using the Canadian prime rate of the chartered bank of the TFO plus six percent (6%), commencing from the due date of the Invoiced Amount of which such Outstanding Balance forms a part, up to and including the business day the TFO receives payment of such Outstanding Balance, which in no event shall be more than sixty (60) days from the date the Invoiced Amount of which such Outstanding Balance forms a part became due; and
- (b) a late payment charge equal to two (2) days interest on the Outstanding Balance at the applicable interest rate set out in a) above.

5. INDEMNITY AND CONSEQUENTIAL LOSS

5.1 Indemnity

(a) Each party, as applicable, (“Indemnifying Party”) will indemnify and hold harmless the other party (“Indemnified Party”) and its directors, ISO Members, officers, employees, agents and representatives (collectively and individually, the “Indemnitee(s)”) from and against any direct damages, injuries, losses and other liabilities claimed against the Indemnitee(s), and all related costs and expenses (including reasonable legal fees) suffered or incurred by any of them in relation to any claims, cause of action, action, suit or proceeding by a third party (“Claim”) which arises from damage to property or injury to or death of persons resulting from the Indemnifying Party’s failure to perform its obligations under these T&Cs which failure is caused by the negligence or willful act of the Indemnifying Party or any of its directors, ISO Members, officers, employees, agents or representatives (collectively and individually, the “Indemnitor(s)”) acting within the scope of their authority or employment. The indemnity under this Article 5.1(a) will be limited to an amount in proportion to the degree to which the Indemnitor(s) acting within the scope of their authority or employment are at fault (the “Indemnity Limit”). For the purpose of this Article 5.1(a) “willful act” means any act or omission which is an intentional tort or an intentional breach of any obligations under these T&Cs.

(b) In the event that an Indemnified Party is entitled to and desires to assert its right to indemnification from an Indemnifying Party under this Article 5.1 such Indemnified Party will give the Indemnifying Party prompt notice of the Claim, which shall describe the Claim in reasonable detail and shall indicate the estimated amount, if practicable, of the indemnifiable loss that has been or may be

sustained by the Indemnified Party. The failure to promptly notify the Indemnifying Party hereunder shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent that the Indemnifying Party is actually and materially prejudiced by the failure to so notify promptly.

(c) Subject to Article 5.1(d) hereof, if the Indemnifying Party delivers to the Indemnified Party a written acknowledgement of its unconditional and irrevocable obligation to indemnify the Indemnified Party under Article 5.1(a) in respect of:

- (i) all of the damages, injuries, losses, other liabilities, costs and expenses that may be claimed against, or suffered or incurred by, the Indemnified Party in respect of the Claim within 10 Days following the Indemnifying Party's receipt of the Indemnified Party's notice of such Claim and if the existence of such obligation to indemnify is made known by the Indemnifying Party to the third party claimant (and, if applicable, to the court or other tribunal determining the Claim), the Indemnified Party shall make available to the Indemnifying Party all information in its possession or to which it has access, other than information that has been designated as confidential by the provider of such information, which is or may be relevant to the particular Claim and the Indemnifying Party shall be entitled, at its option, to take carriage of the defence of the Claim by its own counsel and, if it elects to do so, the Indemnified Party shall cooperate with the Indemnifying Party to the fullest reasonable extent in the defence, settlement or compromise of the Claim; or

- (ii) some, but less than all, of the damages, injuries, losses, other liabilities, costs and expenses that may be claimed against, or suffered or incurred by, the Indemnified Party in respect of the Claim within 10 Days following the Indemnifying Party's receipt of the Indemnified Party's notice of such Claim and if the Indemnified Party is of the opinion that the Indemnifying Party's interests are not in conflict with its own, the Indemnified Party shall make available to the Indemnifying Party all information in its possession or to which it has access, other than information that has been designated as confidential by the provider of such information, which is or may be relevant to that portion of the Claim in respect of which the Indemnifying Party has an obligation to indemnify the Indemnified Party and consult with the Indemnifying Party in respect thereof.

The Indemnified Party shall not make any admission of the liability regarding, or settle or compromise, that portion of the Claim in respect of which the Indemnifying Party has acknowledged its obligation to indemnify the Indemnified Party without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

- (d) The provisions of Article 5.1(c) hereof shall not apply in respect of any Claim to which the Indemnifying Party is, or may reasonably be expected to be, a party and where the Indemnified Party is asserting legal defences in relation to the Claim that conflict with legal defences being asserted by the Indemnifying Party.
- (e) Except to the extent to which the Indemnifying Party is required to indemnify the Indemnitee(s) by the express terms of this Article 5.1, the Indemnitor(s) will not be liable to the Indemnitee(s) for any damages, injuries, losses, other liabilities, costs or expenses suffered

or incurred by the Indemnitee(s) as a result of a Claim that exceed the Indemnity Limit. The Indemnified Party, for itself and as agent for the other Indemnitee(s), hereby forever releases the Indemnitor(s) from any liability or obligation that is in excess of the Indemnity Limit.

- (f) Except as provided in Article 5.2, nothing in this Article 5.1 shall limit the right of either party to make a claim against the other party for specific performance, other equitable relief or direct damages, injuries, losses, other liabilities, costs or expenses (including reasonable legal fees) arising from a breach of these T&Cs by the other party.

5.2 Consequential Loss

Notwithstanding anything to the contrary contained in these T&Cs, neither party will be liable to the other party for any damages, injuries, losses, other liabilities, costs or expenses of an indirect, special or consequential nature suffered by the other party or claimed by any third party against the other party which arises due to such party's failure to perform its obligations under these T&Cs or for any other reason (including without limitation, negligence or willful misconduct on its part or on the part of any person for whose acts it is responsible), howsoever and whensoever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise; and without limiting the generality of the foregoing, damages, injuries or losses of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other party.

6. FORCE MAJEURE

6.1 Definition

The term "Force Majeure", as employed herein and for all purposes relating hereto, shall mean acts of God, strikes, lockouts or other industrial

disturbances, acts of public enemy, acts of the Queen's enemies, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, explosions, fires, civil disturbance, mechanical breakdowns; intervention of federal, provincial, state or local government or from any of their agencies or boards, the order or direction of any court; and any other causes whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief and which by the exercise of reasonable diligence and at a reasonable cost such party is unable to prevent or overcome.

6.2 Force Majeure Relief

The TFO or ISO, as the case may be, is relieved of its obligations hereunder, and shall not be liable for any failure to perform any term of these T&Cs to the extent that and when such failure is due to, or is a consequence of, any event of Force Majeure

6.3 Exclusions

Notwithstanding Article 6.2, lack of funds, including any lack of funds resulting from a decision, direction or order made by the AUC in the normal course of it exercising its authority to establish the appropriate revenue requirement of the TFO, shall not be an event of Force Majeure.

6.4 Notice

The party claiming relief from liability under the provisions of Article 6.1 shall promptly give the other party notice of the Force Majeure including full particulars thereof and shall promptly give the other party notice when the Force Majeure ceases to prevent performance of the applicable term of these T&Cs.

6.5 Obligation to Remedy

The party claiming relief from liability under the provisions of Article 6.2 shall promptly remedy the cause and effect of the Force Majeure insofar as it is reasonably able to do so.

6.6 Strikes and Lockouts

Notwithstanding any other provision of these T&Cs the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the party claiming relief from liability and such party may settle such strike, lockout or industrial disturbance at such time and on such terms and conditions as it may deem appropriate and no failure or delay in settling such strike, lockout or industrial disturbance shall constitute a cause or event within the control of such party or deprive such party of the benefits of this Article 6.

7. NOTIFICATIONS

All notices and other communications given under these T&Cs, other than notices and communications for which a contact person has been designated under a Schedule, shall be in writing and shall be given by personal service, Fax, electronic mail or by registered letter addressed to:

Transmission Facility Owner: AltaLink, L.P.

2611 3 Ave SE, Calgary, AB T2A 7W7

Attention: Executive Vice President and Chief
Operating Officer

Fax: 403-267-4454

Email: ClientServices@AltaLink.ca

Independent System Operator: Alberta Electric System Operator

2500, 330-5th Avenue S.W.

Calgary, Alberta T2P 0L4

Attention: Vice President,

Regulatory & External Affairs

Fax: 403-539-2450

Email: stakeholderrelations@aeso.ca

8. SEVERABILITY

If any provision of these T&Cs is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

9. ENFORCEABILITY

These T&Cs shall remain in full force and effect from the date of their approval by the AUC pursuant to Section 124 of the EUA until subsequent T&Cs are approved by the AUC pursuant to Section 124 of the EUA.