

**ADJACENT BALANCING AUTHORITY
COORDINATION AGREEMENT
Between the
Midwest Independent Transmission System Operator, Inc
And Manitoba Hydro**

This Adjacent Balancing Authority Coordination Agreement, is made this 23rd day of July 2008 ("Agreement") by and between Midwest Independent Transmission System Operator, Inc. ("Midwest ISO" or "Midwest ISO BA"), a United States Regional Transmission Organization, and Manitoba Hydro ("MHEB" or "MHEB BA"), a Canadian Crown Corporation established pursuant to *The Manitoba Hydro Act* (R.S.M. 1987, c.H190), hereinafter collectively referred to as the "Parties" and individually as a "Party."

W I T N E S S E T H:

WHEREAS, the Midwest ISO and MHEB entered into a Coordination Agreement (CA) on September 27, 2001, to coordinate congestion management procedures for the transmission facilities comprising the systems of the Midwest ISO and Manitoba Hydro ("Combined Systems") and to retain the Midwest ISO as Reliability Coordinator for MHEB; and

WHEREAS, in response to the opening of the Midwest ISO's centralized energy markets, the Midwest ISO and MHEB entered into a Seams Operating Agreement (SOA) on September 27, 2006, to further coordinate congestion management between the Parties, including the exchange of operating and model data; and

WHEREAS, the North American Electric Reliability Corporation ("NERC") Board of Trustees approved adoption of "Reliability Standards for the Bulk Electric Systems of North America" and conversion of the NERC Operating Manual to a subset of such standards on February 8, 2005, including Standards which address coordination agreements and data sharing for Balancing Authorities; and

WHEREAS, MHEB is a NERC certified Balancing Authority; and

WHEREAS, The Midwest ISO will be a NERC certified Balancing Authority on the effective date of this Agreement; and

WHEREAS, further coordination between the Parties regarding emergency assistance and Inadvertent Interchange is required in order for the Parties to meet NERC Reliability Standards governing adjacent Balancing Authorities.

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein, it is agreed as follows:

ARTICLE I DEFINITIONS

Unless the context otherwise specifies or requires, capitalized terms used herein shall have the respective meanings assigned herein for all purposes of this Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Any capitalized term not defined in this Article I shall have the definition assigned to it by the NERC “Glossary of Terms Used in Reliability Standards” approved by the NERC Board of Trustees, and applicable regulatory or government authorities and as amended from time to time and incorporated herein by reference, or as otherwise understood by common usage in the electric utility industry. In the event of a conflict between a definition set forth in this Article I and a definition set forth in such NERC “Glossary of Terms Used in Reliability Standards” or a definition as understood by common usage in the electric industry, the definition set forth in this Article I shall control; in the event of a conflict between a definition set forth in such NERC “Glossary of Terms Used in Reliability Standards” and a definition as understood by common usage in the electric industry, the definition set forth in such NERC “Glossary of Terms Used in Reliability Standards” shall control. Unless otherwise specified, all references herein to Articles, Sections or Schedules, shall mean Articles, Sections or Schedules of this Agreement.

As used in this Agreement:

- 1.1 Agreement** shall mean this Agreement, together with all Schedules and Appendices hereto, as amended from time to time.
- 1.2 Balancing Authority (or “BA”)** shall mean the responsible entity that maintains load-interchange-generation balance within a Balancing Authority Area and supports Interconnection frequency in real time.
- 1.3 Balancing Authority Area** shall mean the portion of the generation and transmission system within the metered boundary of the Balancing Authority, in which the Balancing Authority functions are performed.
- 1.4 Delivery BA** shall mean the Party, or another Balancing Authority, that delivers Emergency Energy.

- 1.5 Business Practices** shall mean the documents outlining the policies and practices for BA to BA interaction as necessary to implement this Agreement and as established or modified from time to time in accordance with this Agreement, but shall not include MH-MISO Business Practices pursuant to the SOA.
- 1.6 Emergency** shall mean: (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a fuel shortage requiring departure from normal operating procedures in order to minimize the use of such scarce fuel; or (iii) a water supply shortage requiring departure from normal operating procedures of hydro-electric generating facilities, in order to conserve the use of the water supply; or (iv) a condition that requires implementation of emergency procedures as defined in a Party's Business Practices.
- 1.7 Emergency Energy** shall mean the energy provided as a result of the request for Emergency Energy assistance under this Agreement, when the Receiving BA is experiencing an Energy Emergency Alert Level 2 (EEA2).
- 1.8 FERC** shall mean the U.S. Federal Energy Regulatory Commission or any successor federal agency, commission or department.
- 1.9 Local Balancing Authority ("LBA")** shall mean an operational entity which is: (i) responsible for compliance to NERC for the subset of NERC Balancing Authority Reliability Standards defined for its local area within the Midwest ISO Balancing Authority Area, and (ii) a party (other than the Midwest ISO) to the Balancing Authority Amended Agreement which, among other things, establishes the subset of NERC Balancing Authority Reliability Standards for which the LBA is responsible.
- 1.10 Market Participant** shall mean an entity that has successfully completed the registration process and other requirements of the Midwest ISO Tariff and has been qualified by the Midwest ISO as a Market Participant thereunder.
- 1.11 Midwest ISO Energy and Operating Reserve Market** shall mean the day-ahead and real-time markets for electric energy and operating reserves, and associated financial transmission rights, operated by the Midwest ISO pursuant to the Midwest ISO Tariff.

1.12 Midwest ISO Tariff shall mean the tariff for transmission, and energy and operating reserve markets, in the Midwest ISO as in effect from time to time, including any schedules, appendices, attachments or exhibits attached thereto.

1.13 NERC shall mean the North American Electric Reliability Corporation or any successor thereto, including a FERC approved Electric Reliability Organization (or “ERO”).

1.14 NERC ID is the four character alphanumeric representation of entities registered at TSIN.com and used by those entities for the purposes of conducting business on OASIS Phase 1A and completing NERC interchange transaction tags.

1.15 Point of Delivery shall mean the location where title to and responsibility for Emergency Energy transfers from the selling Party to the purchasing Party.

1.16 Procedures means the specific steps and instructions necessary to meet NERC requirements related to BA to BA interactions and as established or referenced from time to time and modified as necessary in accordance with this Agreement.

1.17 Receiving BA shall mean the BA that issues the request for Emergency Energy assistance and actually receives the Emergency Energy schedule.

1.18 Transmission System shall mean the transmission facilities owned or controlled by a Transmission Service Provider that are used to provide Transmission Service under an applicable open access transmission tariff.

ARTICLE II

PURPOSE

SECTION 2.1 Purpose. This Agreement acknowledges the Parties’ compliance with NERC Reliability Standards governing adjacent Balancing Authorities through existing agreements and also provides for the further coordination of the reliable operation of the interconnected MHEB and Midwest ISO Transmission Systems in order to comply with such standards. More specifically, this Agreement acknowledges the existing contractual obligations of the Parties, pursuant to the CA and SOA, to coordinate operations through:

2.1.1 Communication and coordination of normal and emergency operating procedures.

2.1.2 Voice and data communication requirements, as well as coordination of communications during normal and emergency operating conditions.

2.1.3 Providing data to support operational planning and security assessment studies.

2.1.4 Coordination of outages of equipment, including voltage regulating equipment, telemetering equipment, and control equipment.

This Agreement also provides for additional coordinated operation of the Parties with respect to the following functions:

2.1.5 Emergency Energy assistance.

2.1.6 Inadvertent Interchange accounting and payback.

SECTION 2.2 Compliance. The Parties state that the Balancing Authority procedures and policies of their respective organizations meet the requirements of standards established by NERC, subject to regulatory or other government orders binding on the Parties.

ARTICLE III

TERM OF AGREEMENT

SECTION 3.1 Term. This Agreement shall become effective on the later of: (i) the first day of the month following the month in which both Parties have executed this Agreement, (ii) the date that the Midwest ISO begins to perform BA operations, and shall continue in effect until terminated by either Party upon not less than thirty (30) days written notice to the other Party. Notwithstanding the foregoing, the effective date of the rates terms and conditions for the sale of Emergency Energy set forth in Schedule EE-1 of this Agreement shall be the date established by FERC. The right to terminate shall be within the sole discretion of either Party, provided that if the failure to have in effect an agreement between the Parties could constitute a violation of any NERC or regional reliability standards that are binding on the Parties, the Parties agree to enter into good faith negotiations with respect to a successor agreement that will satisfy the reliability standard(s) in question.

SECTION 3.2 Conditions Precedent and Subsequent. This Agreement shall be conditional upon the receipt and continued effectiveness of all approvals required by law for each Party to perform its obligations under this Agreement, including, but not limited to permits authorizing the export of Emergency Energy. MHEB shall be responsible for obtaining and maintaining in effect an export permit from the National Energy Board of Canada for the export of Emergency Energy to Midwest ISO pursuant to this Agreement. Midwest ISO shall be responsible for obtaining and maintaining in effect a permit from the U.S. Department of Energy and any other required legal authorizations for the export of Emergency Energy to Midwest ISO pursuant to this Agreement.

SECTION 3.3 Obligations upon Termination. The following provisions of this Agreement shall survive its termination: (i) final settlement of the obligations of each Party under Article VII of this Agreement, including the accounting for the period ending with the last day of the month for which this Agreement is effective; (ii) the provisions of this Agreement necessary to conduct final billings, collections and accounting with respect to all matters arising hereunder; and (iii) the indemnification provisions as applicable to periods prior to such termination. The Parties shall cooperate with each other in the unwinding of their arrangements under this Agreement in order to minimize disruptions in the reliable operation of the Parties' systems.

SECTION 3.4 NERC Standard Revisions. In the event that revisions to the NERC Reliability Standards governing adjacent Balancing Authorities are approved by the NERC Board and are legally in effect under U.S. and Manitoba law, the Parties shall meet (either in person or via conference call) or exchange correspondence, either in letter form or via e-mail, within ninety (90) days of the approval to discuss whether such revisions affect the terms and conditions of this Agreement, the necessity for any mutually agreeable revisions to this Agreement, and/or whether the revisions affect the need for this Agreement.

ARTICLE IV **ADMINISTRATION**

SECTION 4.1 Formation of an Operating Committee (OC). An Operating Committee ("OC") may be established to administer the implementation of the provisions of this Agreement. Among other responsibilities, if established, the OC shall develop, modify and adopt from time to time Business Practices and Procedures necessary for the operation of this Agreement.

- 4.1.1 **Operating Committee Representatives.** Upon a decision by the Parties to establish an Operating Committee, each Party shall designate a primary and alternate representative to the OC and shall inform the other Party of its designated representatives by written notice. A Party may change its designated OC representatives at any time, provided that timely written notice is given to the other Party. Each designated OC representative shall have the authority to make decisions on issues that arise during the performance of this Agreement.

4.1.2 **Dispute Resolution.** In the event of a dispute arising out of or relating to this Agreement, excluding those matters identified in Article V, (“Dispute”), that is not resolved by the representatives of the Parties who have been designated under Section 4.1.1 of this Agreement within seven (7) days of the reference of the Dispute to such representatives, each Party shall, within fourteen (14) days’ written notice by either Party to the other, designate a senior officer with authority and responsibility to resolve the Dispute and refer the Dispute to them. The senior officer designated by each Party shall have authority to make decisions on its behalf with respect to that Party’s rights and obligations under this Agreement. The senior officers, once designated, shall promptly begin discussions in a good faith effort to agree upon a resolution of the Dispute. If the senior officers do not agree upon a resolution of the Dispute within fourteen (14) days of its referral to them, or do not within the same fourteen (14) day period agree to refer the matter to some individual or organization for alternate dispute resolution, then either Party shall have the right to pursue any and all remedies available to it at law or in equity. Neither the giving of notice of a Dispute, nor the pendency of any Dispute resolution process as described in this Section, shall relieve a Party of its obligations under this Agreement, extend any notice period described in this Agreement or extend any period in which a Party must act as described in this Agreement. Notwithstanding the requirements of this section, either Party may terminate this Agreement in accordance with its provisions, or pursuant to an action at equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

ARTICLE V

COORDINATION UNDER OTHER AGREEMENTS

SECTION 5.1 The Parties acknowledge the following obligations under other agreements with respect to their coordinated operation as adjacent Balancing Authorities:

(a) **Coordination of Normal and Emergency Operating Plans**
Pursuant to Article IV and Section 7.1 of the SOA, the Parties are obligated to coordinate the reliable operation of their respective transmission systems under both normal and emergency conditions and develop MH-MISO Business Practices establishing the operating principles related thereto.

(b) **Communication and Review of Facility Evacuation Plans**
The Parties acknowledge that MH-MISO Business Practices developed pursuant to Section 7.7 of the SOA with respect to emergency operations includes the communication and review of facility evacuation plans.

(c) Process for Outage Coordination

Pursuant to Section 7.4 of the SOA, the Parties are obligated to coordinate generation and transmission outages through procedures established in MH-MISO Business Practices.

(d) Practices for Communication

Pursuant to Article IV of the SOA, the Parties have agreed to exchange data, including operating data, SCADA data, EMS models, and operations planning data through specified mediums and using specified formats.

(e) NERC Standard Revisions

Pursuant to Sections 2.3.3 and 3.4 of the SOA, the Parties have agreed to carry out the provisions of the SOA so as to meet or exceed NERC standards to the extent consistent with Canadian Law and to develop MH-MISO Business Practices related thereto.

(f) Points of Interconnection

Pursuant to Section 3.4 of the Coordination Agreement, the Parties have agreed to the exchange of transmission reliability data, which the Parties acknowledge includes the points of interconnection between the Parties.

(g) Operations Planning and Security Assessment Information

Pursuant to Sections 2.4 and 3.6 of the Coordination Agreement, the Parties have agreed to the exchange of operating data to perform their reliability responsibilities.

SECTION 5.2 The Parties agree that the implementation, interpretation and enforcement of the above-referenced obligations shall be governed in all respects by the terms and conditions of the CA and the SOA, as applicable, and that the Parties do not intend to amend or create additional obligations in respect of the above-referenced matters by the execution of this Agreement.

ARTICLE VI
EMERGENCY ASSISTANCE
AND INADVERTENT INTERCHANGE

SECTION 6.1 Obligation to Provide Emergency Energy Assistance. The Midwest ISO BA and MHEB BA will, if applicable, use an available contingency reserve sharing arrangement, or other agreements, to provide emergency assistance to each other as agreed to by the Parties in those agreements. In the event that the foregoing agreements are not applicable or do not comply with NERC Reliability Standards governing adjacent Balancing Authorities, the Parties will provide or arrange for Emergency Energy to the other Party, and assist each other to obtain emergency assistance from remote Balancing Authorities.

SECTION 6.2 Procedures for Coordinating Emergency Energy Assistance. In the event that one Party needs to request Emergency Energy assistance from the other Party, or from another Balancing Authority, pursuant to this Agreement, the Receiving BA shall initiate the following procedure.

6.2.1 Receiving BA shall request its own Reliability Coordinator to issue an Energy Emergency Alert Level 2 (EEA2).

6.2.2 Receiving BA shall request Emergency Energy from the Delivery BA.

6.2.3 Delivery BA shall verify that it can support the Emergency Energy requested.

6.2.4 Delivery BA shall also verify with its associated Transmission Operator and Transmission Provider that the transmission interface can support the transaction.

6.2.5 If a Party to this Agreement is unable for any reason to supply Emergency Energy as the Delivery BA, it will make reasonable efforts to facilitate the transfer of Emergency Energy from an interconnected Balancing Authority that can act as the Delivery BA.

6.2.6 Receiving BA shall create an Electronic Tag (E-Tag) with the Delivery BA as source.

6.2.7 Both Receiving and Delivery BA shall approve the E-Tag.

6.2.8 During energy or capacity emergencies, the Midwest ISO BA shall communicate and coordinate necessary operations with the Midwest ISO Local Balancing Authorities and the other affected external Balancing Authorities when the Midwest ISO is the Receiving BA or when MHEB is the Receiving BA but is not adjacent to the Delivery BA.

6.2.9 Concurrently with the execution of this Agreement, each Party shall notify the other Party of the applicable NERC ID, and the NERC ID that will schedule the Emergency Energy transactions through the Physical Scheduling System. Prior to the transfer of Emergency Energy as agreed by the Parties under this Agreement, each Party shall satisfy any applicable credit requirements as set forth in Section 7.4. A Party shall promptly notify the other Party of any changes to the NERC IDs in writing by fax, email or overnight delivery of a signed notification.

SECTION 6.3 Inadvertent Interchange Payback. The Midwest ISO is responsible to accurately report Inadvertent Interchange in coordination with the LBAs who are responsible for providing the Midwest ISO BA with after-the-fact actual Interchange data as coordinated with MHEB BA. On a monthly basis, the Midwest ISO BA and MHEB BA shall report to each other their Inadvertent Interchange for the prior month along with each Party's accumulated Inadvertent Interchange.

ARTICLE VII

BILLING AND PAYMENT

SECTION 7. 1 Billing and Settlement. Both the Midwest ISO and MHEB shall perform the billing and settlement of the Emergency Energy and associated delivery costs, if any, pursuant to this Article VII.

7.1.1 The Delivery BA shall bill the Receiving BA for Emergency Energy, and the Receiving BA agrees to pay for Emergency Energy as set forth in Schedule EE-1 of this Agreement and this Article VII.

7.1.2 If one Party provides emergency assistance to the other Party using the Automatic Reserve Sharing System of the Midwest Contingency Reserve Sharing Group, then invoicing and payment for all such energy and related transmission provided by one Party to the other shall be pursuant to the rates, terms and conditions of that Contingency Reserves Sharing Group agreement rather than this Article VII.

SECTION 7.2 Periodic Billing. Each Party shall receive a statement from the other Party as set forth in Section 7.3, setting forth any amounts due from that Party as a result of any charges imposed pursuant to this Agreement.

SECTION 7.3 Payment.

- 7.3.1 Unless otherwise specifically agreed upon in writing by the Parties, the seven-day period following receipt of an invoice shall be the standard period for all payments under this Agreement. Promptly after each Emergency Energy schedule between the Parties, the Delivery BA shall prepare, or cause to be prepared, and, within fifteen (15) days of the end of the calendar month in which such transaction occurs, render to the Receiving BA an invoice for the payment obligations incurred hereunder.
- 7.3.2 All invoices to a Party under this Agreement shall be due and payable in immediately available same-day funds, in accordance with the invoice instructions, within seven (7) days following the Party's receipt of the invoice. If such a day is not a banking day for the payor, then payment is due and payable on the first banking day common to the Parties following the due date. Receiving BA will make payments by electronic funds transfer in the currency of the United States of America, or by other mutually agreeable method(s), to the account designated by the Delivery BA.
- 7.3.3 If the rendering of an invoice hereunder is unavoidably delayed, the Delivery BA may issue an interim invoice based on estimated charges. Each final invoice shall be subject to adjustment for any errors in calculation, meter readings, estimating or otherwise. Any such adjustments shall be made as promptly as practical, but in no event later than six months after issuing the invoice.
- 7.3.4 Any amount not paid by the due date shall be deemed delinquent and subject to interest. Interest shall be computed from the date of collection until the date refunds are made as follows:
 - 7.3.4.1 Interest on any unpaid amounts (not including amounts placed in a cash collateral account as financial security) shall be calculated in accordance with the methodology for interest on refunds in the FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii), provided said interest rate is not prohibited by Canadian law. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment.

- 7.3.4.2 If a Party objects to all or a portion of any invoice, that Party shall, on or before the date payment of the invoice is due, pay the full amount of the invoice and give notice to the invoicing Party, within thirty (30) days from the date the invoice is rendered, setting forth in specific details the basis for its objection and the amount thereof in dispute. The authorized officers of the Parties involved, or their designees, shall use their best efforts to develop a solution to the billing dispute. The authorized officers may choose to submit the billing dispute to the dispute resolution procedures set forth in Section 4.1.2 of this Agreement. If the objection is upheld resulting in a refund, the disputing Party shall receive interest upon such amount as specified in Section 7.3.4.1 herein from the date payment was received until the date upon which refund is made. Any refunds agreed to will be paid, with interest, on or before the thirtieth (30th) day following the date such agreement is reached. If such a day is not a banking day for the payor, then payment is due and payable on the first banking day common to the Parties following the due date.
- 7.3.5 Notwithstanding any other provision of this Section 7, if MHEB (or its financially responsible party designated pursuant to Section 7.4) is a Market Participant, then for all amounts owing to or from the Midwest ISO transacting for and on behalf of its Market Participants under this Agreement, the billing and payment terms for transmission service provided by Midwest ISO as the Transmission Provider, and for Energy and Operating Reserve Markets transactions shall be the terms set forth in the Midwest ISO Energy and Operating Reserve Markets Tariff, as such terms may be modified from time to time by an order of the FERC.
- 7.3.6 The applicable billing and payment provisions of this Agreement shall continue in effect after termination of this Agreement to the extent necessary to provide for final billing, billing adjustments, payments and disposition of any claims outstanding.

SECTION 7.4 Creditworthiness

- 7.4.1 If MHEB intends to purchase or sell transmission service or Emergency Energy under this Agreement through an agent, whether or not such agent is an affiliate of MHEB, then prior to implementing this Agreement MHEB shall designate in writing such agent to be the financially responsible party for payments due from MHEB under this Agreement. MHEB may upon written notice to the Midwest ISO change its designated agent. An agent designated for this purpose shall be the financially responsible party and shall meet the requirements of this Section 7.4. If MHEB designates an agent as the financially responsible party, MHEB need not separately meet the requirements of Sections 7.4.2 or 7.4.3 so long as its designated agent meets the requirements of Sections 7.4.2 or 7.4.3, however MHEB shall remain financially, and in all other respects, liable for transactions pursuant this Agreement.
- 7.4.2 A Party, or an agent designated as the financially responsible party, that has been deemed by the Midwest ISO to have adequate credit support pursuant to the requirements of the Midwest ISO Tariff, and Attachment L thereto, shall be deemed creditworthy under this Agreement unless and until such credit standing under the Midwest ISO Tariff is altered or revoked. An agent designated by a Party to be the financially responsible party shall sign this Agreement to indicate its acceptance of the obligation to make payment as set forth herein.
- 7.4.3 If either Party reasonably deems the other Party (or such Party's designated financially responsible party)_not to be creditworthy for purposes of this Agreement, subject to good faith efforts to reach agreement on reasonable and appropriate security, such Party shall have no obligation to deliver Emergency Energy, provide transmission service or incur any further financial liability to other Party under this Agreement after it reasonably deems such other Party not to be creditworthy unless and until such reasonable and appropriate security is provided.

SECTION 7.5 Failure to Pay

- 7.5.1 If any Party or its designated financially responsible party, fails to pay the amounts due as set forth in Section 7.3 of this Agreement for a period exceeding 30 days following the due date, the collecting Party may file a statement of claim for the purpose of collecting said amounts in an appropriate court of competent jurisdiction.
- 7.5.2 In the event of failure to pay or other default exceeding 30 days following the due date or other date for performance, in addition to the remedy stated in Section 7.5.1, the non-defaulting Party may terminate this Agreement in its entirety or may upon written notice to the defaulting Party immediately suspend its obligation to provide Emergency Energy or transmission service used to deliver Emergency Energy under this Agreement, until the act of default is cured.
- 7.5.3 Notwithstanding any other provision of this Section 7.5, if MHEB or the designated financially responsible party is a Market Participant, then the remedies for default available to the Midwest ISO shall be the terms set forth in the Midwest ISO Energy and Operating Reserve Markets Tariff, as such terms may be modified from time to time by an order of the FERC.

ARTICLE VIII LIMITATION ON OBLIGATION

SECTION 8.1 This Agreement is not intended to affect the control that the transmission owning members ("Member Systems") of the Midwest ISO or MHEB BA have over their own facilities and the use thereof. Notwithstanding anything in this Agreement to the contrary, no Party shall be required by the terms of this Agreement to provide any services to any other person that is not a Party to this Agreement.

SECTION 8.2 Nothing in this Agreement shall require a Party or any Member Systems to construct facilities primarily for the benefit of the other Party or a Member System of the other Party.

SECTION 8.3 Nothing in this Agreement shall entitle a Party or a Member System to interfere with the right of the other Party or a Member System of the other Party to proceed with system additions or alterations, which, in its sole opinion, are required to provide adequate and reliable service to its customers;

SECTION 8.4 Nothing in this Agreement shall require a Party or a Member System to take any action requested by the other Party, including without limitation the supply of Emergency Energy, load shedding, the expenditure of funds, or acquisition of equipment if such actions would, in its sole judgment, cause it to violate safety, equipment, or regulatory, statutory or other legal requirements. In the event a Party or Member System of a Party declines to take such requested actions, it must immediately inform its own Reliability Coordinator so that such information can be immediately relayed to the other Party requesting such action.

SECTION 8.5 Nothing in this Agreement shall bind an external BA of either Party to the terms of this Agreement. The adjacent interconnections of the Midwest ISO BA and the MHEB BA are separate and unique, and are therefore beyond the scope of the terms and conditions in this Agreement.

ARTICLE IX

LIABILITY

SECTION 9.1 No Liability. In no event shall either Party (including its officers, directors, employees, and agents) be liable to the other Party, or the other Party's Member Systems, or any other person or entity, for losses or damages (whether direct, indirect, incidental, or consequential) arising out of or related to any performance, non-performance or delay in performance of an obligation or action under this Agreement, whether based on contract, tort, strict liability, warranty, or otherwise, including without limitation, any action or failure to act by either Party related to any request, recommendation, or requirement of either, or another, Reliability Coordinator.

SECTION 9.2 Indemnification. Neither Party shall indemnify, defend, or save harmless the other Party from any damages, losses, claims or obligations by or to third parties arising out of or resulting from a Party's performance of its various obligations under this Agreement, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs or expenses, court costs, attorneys' fees, or otherwise.

ARTICLE X
MISCELLANEOUS PROVISIONS

SECTION 10.1 Termination Notice. Any termination notices required by this Agreement shall be in writing and may be given by hand or sent by Canada Post or first class U.S. Mail, or express mail delivery to the applicable address as provided below:

If to Midwest ISO:

Stephen G. Kozey
General Counsel and Secretary
PO Box 4202
Carmel, IN 46082-4202

Overnight delivery to:
701 City Center Dr.
Carmel, IN 46033

Tel: 317-249-5431
Fax: 317-249-5912

If to MHEB BA:

Ed Tymofichuk
Manager, Transmission System Operations Division
Manitoba Hydro
453 Dovercourt Dr, Winnipeg, Manitoba
R3Y 1G4
CANADA

Phone: 204 487-5489
Fax: 204 487-5360

tetymofichuk@hydro.mb.ca

SECTION 10.2 Waiver. Any waiver at any time by either Party of its rights under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be considered a waiver with respect to any subsequent instance or matter.

SECTION 10.3 Assignment. Neither Party shall sell, assign, or otherwise transfer any or all of this Agreement or any or all of its respective rights, or delegate any or all of its respective obligations under this Agreement without the prior written consent of the other Party.

SECTION 10.4 Merger Clause. This Agreement and the Exhibits comprise the full and complete statement of the agreement between the Parties and supersedes and cancels all prior communications, understandings and agreements between the Parties, whether written or oral, express or implied relating to the subject matter of this Agreement. No amendments, changes or modifications to this Agreement are valid, unless made in writing and signed by a duly authorized representative of each of the Parties.

SECTION 10.5 Responsibility for Costs. No fees, or other amounts are payable as a result of application of this Agreement. Each Party shall be solely and independently responsible for its conduct and any expenses or costs incurred under this Agreement, except for the obligation to pay for Emergency Energy, as set forth herein.

SECTION 10.6 Nature of Relationship. The Parties hereto agree that no employment, agency, joint venture, teaming, partnership, business arrangement or fiduciary relationship shall be deemed to exist or arise between them with respect to this Agreement.

SECTION 10.7 Governing Law. Subject to Section 5.2, for those disputes which are not resolved by arbitration pursuant to Section 4.1.2 and for the appeal or application to set aside an arbitral decision issued pursuant to Section 4.1.2, this Agreement shall be interpreted and construed by the laws of the State of Delaware, or the United States of America, as applicable, except that the authority of a Party to enter into this Agreement, and disputes related thereto, shall be governed by the law of the jurisdiction under which that Party is organized.

SECTION 10.8 Headings. The descriptive headings in the various Articles and Sections of this Agreement have been inserted for convenience of reference only, and shall in no way modify or restrict any of the terms and provisions hereof.

SECTION 10.9 Exhibits. The Exhibits to this Agreement are attached hereto and incorporated by reference. The Exhibits may be amended from time to time as specifically set forth in the respective Exhibits.

SECTION 10.10 Confidentiality. The Parties agree that their confidentiality obligations under this Agreement shall be consistent with and subject to the requirements of the NERC Reliability Coordinator Standards of Conduct.

SECTION 10.11 Other Entities. Nothing in this Agreement is intended to confer benefits upon any person or entities not a Party, including without limitation the Member Systems of the Midwest ISO or entities taking service of any kind from MHEB, respectively. Nothing in this Agreement shall be construed as a stipulation for the benefit of others, and no third party, including without limitation the Member Systems of the Midwest ISO or entities taking service of any kind from MHEB , respectively, shall be entitled to enforce this Agreement against either Party.

SECTION 10.12 No Representation or Warranty. Neither Party shall be deemed to make any representation or warranty, express or implied, as to the truth, accuracy or completeness of any information or data exchanged or provided (or not exchanged or provided) to the other Party pursuant to this Agreement. The receiving Party, and all persons receiving such data and information, shall be solely responsible for any reliance thereon, and all investigation thereof, and expressly waive any and all rights of recourse against the Party providing the information.

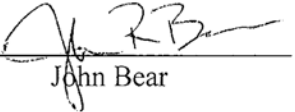
SECTION 10.13 Execution. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument. It shall not be necessary that any counterpart hereof be executed by both Parties so long as at least one counterpart is executed by each Party. A facsimile or photocopy of any signature shall have the same force and effect as an original.

SECTION 10.14 No Waiver of Jurisdictional Immunity. If a Party is not subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") as a "public utility" under the Federal Power Act, that Party shall not be required to take any action or participate in any filing or appeal that would confer FERC jurisdiction over the Party. Nothing in this Agreement waives any objection to, or otherwise constitutes consent to, the jurisdiction by FERC over the Party or its transmission service, facilities and rates.

[Signatures appear on following page]

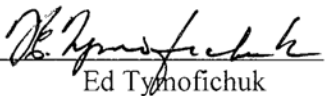
IN WITNESS WHEREOF, the signatories hereto have caused this Agreement to be executed by their duly authorized officers.

FOR Midwest Independent Transmission System Operator, Inc.

By:  8.5.08
John Bear Date

President & COO

FOR MHEB BA_Manitoba Hydro-Electric Board
NERC ID 58

By:  08.07.23
Ed Tymofichuk Date

Division Manager Transmission System Operations
Title

FOR Financially Responsible Party: Manitoba Hydro-Electric Board
NERC ID 58

By:  08.07.23
Ed Tymofichuk Date

Division Manager - Transmission System Operations
Title

SCHEDULE EE-1 EMERGENCY ENERGY SETTLEMENTS AND CHARGES

The rate to be charged by each Party when supplying Emergency Energy pursuant to this Agreement (rather than pursuant to a Contingency Reserve Sharing Group agreement) shall be the FERC approved tariff rate as stated in this Schedule EE-1, as such rate may be changed from time to time. The terms and conditions applicable to the settlement of such charges are as follows:

- 1.0 Payment will be financial, and accounting for Emergency Energy will be in whole megawatt-hours.
- 2.0 For Emergency Energy received by MHEB the charges shall be calculated as follows:
 - 2.1 Midwest ISO supplying MHEB from the Midwest ISO Energy and Operating Reserves Market for and on behalf of its Market Participants shall be paid 150% of the hourly LMP per megawatt-hour at the Commercial Node used to provide such service.
 - 2.2 Midwest ISO supplying MHEB from the Midwest ISO Energy and Operating Reserves Market for and on behalf of its Market Participants while simultaneously receiving energy from the Delivery BA shall be paid the higher of: (i) 150% of the hourly LMP per megawatt-hour at the Commercial Node at which Emergency Energy is injected by the Delivery BA, or (ii) 150% of the hourly LMP per megawatt-hour at the Commercial Node at which the Emergency Energy is removed by the Receiving BA.
- 3.0 For Emergency Energy received by the Midwest ISO, into the Midwest ISO Energy and Operating Reserve Markets for and on behalf of its Market Participants, the charges shall be calculated as follows:
 - 3.1 MHEB shall be paid: the greater of (i) 150% of the hourly LMP at the interface at which the energy enters the Midwest ISO Energy and Operating Reserve Market or (ii) \$100 per megawatt-hour; or (iii) 110% of the verifiable cost of the resource(s) used to provide such service.
 - 3.2 When MHEB has facilitated the transfer of Emergency Energy from another BA to the Midwest ISO, MHEB shall be paid its Transmission Service charges and losses, as set forth in Section 5 of this Schedule EE-1, associated with the transfer of Emergency Energy from the Delivery BA to the Midwest ISO.

- 4.0 As used in this Schedule EE-1, the term “verifiable costs” shall mean the cost of fuel, operation and maintenance, energy provided for electric losses, purchased power, and other costs that would not have been otherwise incurred if the Emergency Energy had not been supplied. The term “verifiable costs” does not include the cost of Transmission Service.
- 5.0 In addition to the charges outlined above, the Receiving BA shall pay any applicable transmission charges, including such charges for losses incurred for the delivery of Emergency Energy.
- 6.0 The Point of Delivery for Emergency Energy shall be as follows:
 - 6.1 The Point of Delivery for all sales of Emergency Energy between the Parties shall be the Canada-United States international border.