

**NORTH COAST TRANSMISSION LINE
DEVELOPMENT SECURITY AGREEMENT**

THIS DEVELOPMENT SECURITY AGREEMENT made as of
the _ day of _____, 20____ (the "**Effective Date**")
for _____.

BETWEEN:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY,
having its head office at
333 Dunsmuir Street, Vancouver, British Columbia V6B 5R3
(herein called "**BC Hydro**")

OF THE FIRST PART

AND:

[**CUSTOMER LEGAL NAME**]
having an office in British Columbia at
[**CUSTOMER ADDRESS**], [CITY], British Columbia [POSTAL CODE]

(herein called the "**Customer**")

OF THE SECOND PART

ACCEPTED: _____

REGISTRAR

WHEREAS:

- A. BC Hydro is planning to develop the NCTL Project to provide electricity service from the BC Hydro electrical system to new and existing BC Hydro customers in northwestern British Columbia.
- B. It is anticipated that certain assets comprising the NCTL Project will be co-owned by BC Hydro and First Nations in the region and that certain portions of the NCTL Project will be co-developed with First Nations in the region.
- C. BC Hydro is requiring that customers described in section 2.1 enter into a North Coast Transmission Line Development Security Agreement and commit to providing DSA Security under it when required, in order to confirm their commitment prior to the in-service date of the NCTL Project to take and pay for electricity service from the BC Hydro electrical system.
- D. Any BC Hydro customer that receives an allocation of DSA Demand within the meaning of this Electric Tariff Supplement No. 109 but does not provide DSA Security when required under this Agreement may be moved in BC Hydro's Load Interconnection Queue behind all BC Hydro customers that do provide DSA Security, or who have entered into a North Coast Transmission Line Development Security Agreement but are not yet required to provide DSA Security, and may lose its allocation of DSA Demand, all as may be required in accordance with the Applicable Business Practices.

WITNESSES THAT the parties declare and agree as follows:

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1.0 DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following terms will have the following meanings:

- (a) **“Applicable Business Practices”** means BC Hydro’s Business Practice for Load Interconnection Queue Management and other applicable BC Hydro business practices in effect from time to time, as they may be amended, supplemented or replaced;
- (b) **“Customer’s Plant”** means the manufacturing or other plant of the Customer, as referenced in Appendix 1;
- (c) **“DSA Demand”** means the power demand specified in section 4.1, subject to any adjustment in accordance with this Agreement;
- (d) **“DSA Security”** means the security provided by the Customer from time to time under this Agreement;
- (e) **“Electricity Supply Agreement”** means an agreement in the form of Electric Tariff Supplement No. 5 or Electric Tariff Supplement No. 87 or any successor to either of them, as applicable, between BC Hydro and the Customer for the Customer’s Plant, as may be supplemented from time to time;
- (f) **“Facilities Agreement”** means an agreement in the form of Electric Tariff Supplement No. 6 or Electric Tariff Supplement No. 88 or any successor to either of them, as applicable, between BC Hydro and a BC Hydro customer, as may be supplemented from time to time;

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- (g) **“Facilities Study Agreement”** means, in relation to a project or expansion referred to in section 2.1, an agreement between BC Hydro and the Customer that:
- (i) is in the form of agreement commonly referred to by BC Hydro as a “facilities study agreement”; and
 - (ii) provides for an evaluation by BC Hydro of the work that would be necessary to connect the project or expansion to the BC Hydro electrical system, including engagement with First Nations, engineering, procurement and construction;
- (h) **“Junior Mining Customer”** means a person who is engaged in the exploration or development of a mineral, a placer mineral or coal, but is not engaged in the production of a mineral, a placer mineral or coal and is not a subsidiary of, or otherwise controlled directly or indirectly by, and does not own or control directly or indirectly, any one or more persons that are engaged in the production of a mineral, a placer mineral or coal; for the purposes of this definition, mineral and placer mineral have the meaning given to them in the *Mineral Tenure Act*, RSBC 1996, c 292, as amended or replaced from time to time;
- (i) **“Load Interconnection Queue”** means the queue used by BC Hydro to determine the order of accepted requests for load interconnection and an increase to Contract Demand, pursuant to BC Hydro’s Business Practice for Load Interconnection Queue Management;
- (j) **“NCTL In-Service Date”** means the date on which BC Hydro declares that the entire scope of the NCTL Project has been commissioned and is fully

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operational, or such earlier date as BC Hydro may declare as the NCTL In-Service Date;

- (k) **“NCTL Project”** means new 500 kV transmission lines and associated infrastructure between Williston Substation near Prince George and Skeena Substation near Terrace and associated upgrades and modifications to the existing 500 kV transmission lines, substations and capacitor stations between Prince George and Terrace. The NCTL Project does not include:
- (i) the project known as the Prince George to Terrace Capacitors Project; or
 - (ii) any facilities comprising System Reinforcement, Transmission Connection or Shared Facilities as defined under a Facilities Agreement with any BC Hydro customer.

The NCTL Project is not System Reinforcement within the meaning of Electric Tariff Supplement Nos. 6 or 88 or any successors of either of them;

- (l) **“NCTL Security Rate”** means \$50.00/kVA; and
- (m) **“Reduction Notice”** has the meaning set out in section 7.1.

1.2 This Agreement supplements and amends the Facilities Agreement(s) for the Customer’s Plant and the Electricity Supply Agreement. To the extent of any conflict or inconsistency, this Agreement will prevail.

1.3 The NCTL Project will form part of the BC Hydro electrical system.

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2.0 APPLICABILITY

2.1 This Agreement is applicable to any BC Hydro customer who:

- (a) is seeking to interconnect a new transmission load project directly or indirectly to, or increase the load of an existing transmission load project connected directly or indirectly to, BC Hydro's electrical system extending west from the Williston Substation near Prince George;
- (b) entered BC Hydro's Load Interconnection Queue on or after June 1, 2022, in respect of that project or expansion but has not before the effective date of Electric Tariff Supplement No. 109 entered into a Facilities Study Agreement in respect of that project or expansion; and
- (c) received notification from BC Hydro prior to the NCTL In-Service Date that it has received an allocation of DSA Demand within the meaning of Electric Tariff Supplement No. 109 in respect of that project or expansion.

2.2 This Agreement is not applicable to: (a) generators wishing to supply electricity to the BC Hydro electrical system; or (b) customers wishing to take electricity service other than at transmission voltage.

3.0 TERM

3.1 This Agreement commences on the Effective Date and continues in force until all DSA Security has been returned to the Customer pursuant to section 10.1, unless terminated pursuant to section 11.1.

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4.0 DSA DEMAND

4.1 The Customer's DSA Demand will be _____ kVA, subject to any adjustment in accordance with this Agreement.

5.0 DSA SECURITY

5.1 The Customer will be required, concurrently with the execution of this Agreement or by such later date as BC Hydro may agree, to provide security to BC Hydro in the form specified in section 12.1 and in an amount equal to the DSA Demand on the date security is provided multiplied by the NCTL Security Rate.

5.2 Notwithstanding section 5.1, a Junior Mining Customer will not be required to provide any security to BC Hydro under this Agreement until 90 days following the date on which the Junior Mining Customer makes a final investment decision or equivalent for the Customer's Plant or ceases to be a Junior Mining Customer, at which time the Customer will be required to provide security in the form specified in section 12.1 and in an amount equal to its DSA Demand on the date security is provided multiplied by the NCTL Security Rate.

6.0 CUSTOMER REQUEST TO INCREASE DSA DEMAND

6.1 The Customer may request an increase to the DSA Demand at any time prior to the NCTL In-Service Date.

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6.2 If:

- (a) BC Hydro determines that there is sufficient capacity available to accommodate the request and BC Hydro can accommodate the request in compliance with the Applicable Business Practices;
- (b) the Customer has complied with all of the requirements of the Applicable Business Practices; and
- (c) the Customer, unless it is a Junior Mining Customer that has not yet made a final investment decision or equivalent for the Customer's Plant, has provided additional DSA Security in the amount of the incremental increase in its DSA Demand multiplied by the NCTL Security Rate,

then BC Hydro will increase the Customer's DSA Demand.

7.0 CUSTOMER REQUEST TO REDUCE CONTRACT DEMAND

7.1 Prior to the NCTL In-Service Date, the Customer may request a reduction of its DSA Demand by delivering email notice to BC Hydro setting out the amount of the desired reduction (a "**Reduction Notice**"). Such notice is irrevocable unless BC Hydro agrees in writing.

7.2 BC Hydro will fully or partially reduce the Customer's DSA Demand pursuant to a Reduction Notice (a "**DSA Demand Reduction**") and return the corresponding amount of DSA Security in accordance with section 10.2, only if:

- (a) the request for service submitted by a potential or existing BC Hydro customer that meets the requirements of section 2.1(a) can only be accommodated if DSA Demand becomes available pursuant to the DSA

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Demand Reduction, and BC Hydro determines that BC Hydro can accommodate the request for reduction and the allocation of DSA Demand to that other customer in compliance with the Applicable Business Practices; and

- (b) that potential or existing customer subsequently enters into a new or amended North Coast Transmission Line Development Security Agreement that includes new or incremental DSA Demand corresponding to the amount of the DSA Demand Reduction and, unless the potential or existing customer is a Junior Mining Customer that has not yet made a final investment decision or equivalent for the Customer's Plant, provides new or increased DSA Security in the amount of the DSA Demand Reduction multiplied by the NCTL Security Rate.

7.3 BC Hydro is not required to reduce the Customer's DSA Demand pursuant to a Reduction Notice if the proposed amount of the DSA Demand Reduction is not sufficient to satisfy another potential or existing customer's request for DSA Demand under a North Coast Transmission Line Development Security Agreement.

7.4 If BC Hydro receives multiple Reduction Notices from customers, BC Hydro will follow the procedures set out in section 7.2 in the order that the respective Reduction Notices were received, based on the date and time indicated in the email provided by the applicable customer. All Reduction Notices will expire on the NCTL In-Service Date and BC Hydro will have no obligation after the NCTL In-Service Date to reduce the Customer's DSA Demand pursuant to a Reduction Notice.

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7.5 A DSA Demand Reduction may result in a loss of the Customer’s position in the Load Interconnection Queue in accordance with the Applicable Business Practice, and the Customer will be responsible for any associated costs, including any restudy costs that may be required.

8.0 DEFAULT BY CUSTOMER

8.1 The Customer must comply with the requirements of this Agreement and the Applicable Business Practices, including by providing DSA Security under this Agreement when required and by meeting all timelines and executing relevant agreements when tendered in accordance with the Applicable Business Practices. Prior to tendering a Facilities Agreement or an Electricity Supply Agreement to the Customer for execution, BC Hydro will make commercially reasonable efforts to work with the Customer to establish reasonable execution timelines and other agreement details.

8.2 If the Customer fails for any reason to comply with any requirement of this Agreement or the Applicable Business Practices or fails to execute a Facilities Agreement or Electricity Supply Agreement when required to do so by BC Hydro, and does not cure any such non-compliance within 10 days of notice from BC Hydro of the non-compliance or such later date as BC Hydro may specify, BC Hydro may in its sole discretion:

- (a) reduce the DSA Demand by the amount of DSA Demand associated with the applicable non-compliance; or
- (b) reduce the DSA Demand to zero.

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8.3 If BC Hydro reduces the DSA Demand under section 8.2, BC Hydro will remove the Customer from the Load Interconnection Queue in accordance with the Applicable Business Practices with respect to the applicable reduction of DSA Demand, in which event, the corresponding amount of DSA Security, if any, will become the property of BC Hydro.

8.4 If:

- (a) the Customer's project is cancelled or abandoned;
- (b) the Customer's Plant is closed with no reasonable prospects for re-opening in the foreseeable future; or
- (c) the Customer has been required to provide DSA Security and any portion of the DSA Security remains in place on the fifth anniversary of the NCTL In-Service Date or such later date as determined by BC Hydro,

then the remaining DSA Security will become the property of BC Hydro.

9.0 NCTL PROJECT CANCELLATION

9.1 BC Hydro will notify the Customer if a decision is made not to proceed with the development of the NCTL Project and will return to the Customer all remaining DSA Security held by BC Hydro that has not previously become the property of BC Hydro under this Agreement.

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10.0 RETURN OF DSA SECURITY TO CUSTOMER

10.1 BC Hydro will return DSA Security as follows:

- (a) on the first anniversary of the Commencement Date of the first Electricity Supply Agreement that includes DSA Demand, BC Hydro will return DSA Security equal to the amount of DSA Demand included in the Electricity Supply Agreement on the anniversary date multiplied by the NCTL Security Rate; and
- (b) on the first anniversary of the Commencement Date of any subsequent Electricity Supply Agreement that includes DSA Demand, BC Hydro will return DSA Security equal to the amount of the incremental increase in DSA Demand included in the Electricity Supply Agreement on the anniversary date relative to the most recent return of DSA Security to the Customer under this section 10.1 multiplied by the NCTL Security Rate,

provided in either case that no notice of termination of the Electricity Supply Agreement has been delivered.

10.2 Following a DSA Demand Reduction under section 7.1, BC Hydro will return to the Customer DSA Security, if any, in the amount of the reduction multiplied by the NCTL Security Rate.

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11.0 TERMINATION

11.1 This Agreement will terminate immediately upon:

- (a) the later of a reduction of the DSA Demand to zero pursuant to section 7.2 and the corresponding return to the Customer of DSA Security, if any, if required under section 10.2;
- (b) a reduction of the DSA Demand to zero pursuant to section 8.2(b);
- (c) the occurrence of any of the events described in section 8.4;
- (d) the fifth anniversary of the NCTL In-Service Date or such later date as determined by BC Hydro, if the Customer has not provided any DSA Security under this Agreement by that date; or
- (e) the later of the delivery by BC Hydro of the notice referred to in section 9.1 and the corresponding return to the Customer of DSA Security, if any, under that section.

11.2 If this Agreement is terminated in any of the circumstances referred to in section 11.1:

- (a) BC Hydro may terminate:
 - (i) any of the Customer's Facilities Agreements that include DSA Demand; and/or
 - (ii) the Electricity Supply Agreement,concurrently with a termination of this Agreement;

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- (b) if the Electricity Supply Agreement is terminated in accordance with section 11.2(a)(ii), BC Hydro may issue a new Electricity Supply Agreement that includes only the Contract Demand that is not DSA Demand; and
- (c) except as set out in section 11.3, any remaining security corresponding to DSA Demand under any Facilities Agreement(s) that were terminated in accordance with section 11.2(a)(i) will become the property of BC Hydro.

11.3 If this Agreement is terminated under section 9.1 and, as a result, one or more of the Customer's Facilities Agreements is also terminated by BC Hydro in accordance with section 11.2(a)(i), BC Hydro will return any remaining security provided and repay amounts paid by the Customer under the relevant Facilities Agreement(s) to the Customer.

12.0 SECURITY REQUIREMENTS

12.1 The DSA Security shall be in a form which has the prior approval of BC Hydro in its sole discretion, which may include:

- (a) irrevocable letter of credit;
- (b) financial guarantee bond; or
- (c) prepayment on account.

12.2 BC Hydro shall not pay interest on any DSA Security held by it.

12.3 If the DSA Security is an irrevocable letter of credit or financial guarantee bond, it must be substantially in the form provided to the Customer by BC Hydro for use as DSA Security.

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13.0 FORCE MAJEURE

- 13.1 The term Force Majeure includes but is not limited to strikes (as defined in the *Labour Relations Code*, RSBC 1996, c 244), legal lockouts, other labour disturbances (including exercises of non-affiliation rights but excluding illegal lockouts), epidemic, fire, flood, accidents, tempest or acts of God, sabotage or acts of the King's enemies, acts or failure to act by lawful authority or any other cause whatsoever beyond the reasonable control of the parties, provided that in no event shall lack of finances, loss of markets or inability to perform due to the financial condition of either party constitute Force Majeure.
- 13.2 If either party is or was unable, because of a Force Majeure, to perform an obligation and claims that a Force Majeure is occurring or has occurred and reasonably establishes that fact, then the performance of the obligation shall be deemed to be suspended and the time for performance of such obligation will be extended by the number of days that party is unable to perform such obligation as a result of the event or circumstance of Force Majeure, provided always that:
- (a) the suspension and extension of time for performance shall be of no greater scope and no longer duration than the Force Majeure; and
 - (b) the non-performing party shall use all reasonable efforts to counter the Force Majeure or to otherwise remedy its inability to perform the obligation.

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14.0 LIMITATION OF LIABILITY

14.1 BC Hydro may determine at any time that it will not develop or participate in the development of all or any part of the NCTL Project.

14.2 BC Hydro's liability under this Agreement, or under any Facilities Agreement for the Customer's Plant or the Electricity Supply Agreement, for any failure to perform or any decision by any entity at any time not to proceed with the development, construction, energization or commissioning of the NCTL Project, or under any cause of action or theory of liability whatsoever, will be absolutely limited to:

- (a) the return of any remaining DSA Security; and
- (b) the return of any security or repayment of any amounts provided to BC Hydro by the Customer under the relevant Facilities Agreement(s),

in each case if and when required by the terms of this Agreement or a Facilities Agreement(s), respectively, and will not include any monetary damages or financial liability of any nature or kind whatsoever.

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15.0 SUCCESSORS, ASSIGNS

15.1 This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. This Agreement shall not be transferred or assigned by the Customer without prior written consent of BC Hydro, which consent shall not be unreasonably withheld. For greater certainty, the Customer may not assign this Agreement to any individual, entity or organization unless the assets that form the Customer's Plant are concurrently assigned and transferred to the same individual, entity or organization.

16.0 RELATIONSHIP

16.1 Nothing in this Agreement creates any relationship of partnership, co-venturer, or principal and agent between the parties.

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17.0 NOTICE

17.1 Unless otherwise provided for by this Agreement, a notice, consent, request, demand, statement or bill that either party may be required or may desire to give to the other party shall be in writing and delivered by hand, by courier, or by email, and shall be deemed to be given to and received by the addressee on the business day next following when it is delivered.

The address that BC Hydro gives notice of is:

BC Hydro
333 Dunsmuir Street
Vancouver, BC V6B 5R3

Attention: _____

Email: _____

The address that the Customer gives notice of is:

[Customer Legal Name]

[Customer Address]

Attention: _____

Email: _____

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18.0 WAIVER

18.1 No failure by BC Hydro or the Customer at any time or from time to time to enforce or require a strict observance or performance of any of the provisions of this Agreement shall constitute a waiver of such provisions or affect or impair such provisions or the right of BC Hydro or the Customer at any time to enforce such provisions or to avail itself of any remedy it may have.

19.0 LAW

19.1 This Agreement shall be construed in accordance with the laws of the Province of British Columbia.

19.2 BC Hydro and the Customer will promptly comply with all relevant laws and regulations and the relevant orders, rules and requirements of all lawful authorities having jurisdiction.

20.0 COUNTERPARTS AND ELECTRONIC DELIVERY

20.1 This Agreement may be executed and delivered by electronic means and in several counterparts, each of which when executed and delivered will be deemed to be an original and all of which together will be one and the same agreement.

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BC Hydro

Electric Tariff Supplement No. 109
North Coast Transmission Line
Development Security Agreement
Effective:
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IN WITNESS WHEREOF the duly authorized representative of each party has executed this Agreement. [If the Customer is a joint venture or partnership then this Agreement shall be executed and sealed by all joint venturers or partners and all declarations and agreements of the Customer shall be deemed to be joint and several.]

**BRITISH COLUMBIA HYDRO AND
POWER AUTHORITY**

[CUSTOMER LEGAL NAME]

By: _____
(signature)

By: _____
(signature)

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

ACCEPTED: _____

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APPENDIX 1
DESCRIPTION OF CUSTOMER'S PLANT

[NOTE: Insert description of all Customer facilities connected or to be connected to the BC Hydro electrical system at the applicable Point of Delivery that will be served with DSA Demand.]

ACCEPTED: _____

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