

**Fred James**

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January 31, 2018

Mr. Patrick Wruck
 Commission Secretary and Manager
 Regulatory Support
 British Columbia Utilities Commission
 Suite 410, 900 Howe Street
 Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: Project No. 1598933
 British Columbia Utilities Commission (BCUC or Commission)
 British Columbia Hydro and Power Authority (BC Hydro)
 Waneta 2017 Transaction Application – Transmission Agreements**

BC Hydro writes in accordance with Commission Order No. G-15-18 (Exhibit A-10) and further to its submissions of January 26, 2017.

Under cover of this letter BC Hydro files the following:

Exhibit B-12	Transmission Agreements
Exhibit B-13	Revised Draft Order

BC Hydro is submitting as Exhibit B-12 the following documents that collectively make up the Transmission Agreement filing including:

1. Transmission Agreements Summary
2. Executed letter agreement between Teck Metals Ltd. (Teck) and BC Hydro attaching as schedules the Transmission Agreements as follows:
 - Schedule A - Waneta Transmission Agreement;
 - Schedule B - Teck Wheeling Agreement; and
 - Schedule C - Waneta Interconnection Agreement
3. Table of Concordance

In the Application BC Hydro explained that the Waneta Interconnection Agreement would be filed with the Commission for approval as a “rate” because of certain regulated transmission-related ancillary services expected to be included within it that were to be provided by BC Hydro to Teck. Over the course of negotiating the Transmission

Agreements, it became apparent that those ancillary services were more closely aligned with the related services in the Teck Wheeling Agreement. Moreover, there was no good reason to contractually separate those services from the related wheeling services that are the subject of the Teck Wheeling Agreement and which requires Commission approval in any event. Accordingly, the latter agreement now accounts for the provision by BC Hydro of all regulated services to Teck, and the former agreement no longer requires an express Commission approval.

To reflect this change, BC Hydro also files a revised Draft Order to the Waneta 2017 Transaction Application as Exhibit B-13. This revised Draft Order is the same as that attached to the Application at Appendix A, except that the words “and Waneta Interconnection Agreement” have been struck from numbered paragraph 2 of page 2 of that draft order (shown in blackline). BC Hydro respectfully submits that this change is minor, and will not affect the proceeding in regard to process or substance.

With respect to the Commission’s letter of today (Exhibit A-11), BC Hydro is providing the Transmission Agreements and a revised Draft Order with this filing. BC Hydro is also filing the remaining IRs today under separate cover. In addition, BC Hydro expects to file its Risk Register and errata to the Application by Friday, February 2, 2018. As a result, BC Hydro believes that there is no significant risk to delay in the requested schedule. Therefore, there is no need for further process as contemplated in the Commission’s letter.

For further information, please contact Geoff Higgins at 604-623-4121 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Fred James
Chief Regulatory Officer

st/ma

Enclosure

**Waneta 2017 Transaction Application
Transmission Agreements**

Attachment 1

Transmission Agreements Summary

As noted in the cover letter to the Application (Exhibit B-1), BC Hydro has been negotiating certain Transmission Agreements with Teck as described in the Transmission Agreement Term Sheet (Appendix M to the Application). Those agreements have now been finalized and are included in this filing as follows:

- Letter agreement dated January 30, 2018, executed by Teck and BC Hydro, confirming that each of the Transmission Agreements, attached as schedules, is in definitive (final) form:
 - ▶ Schedule A - Waneta Transmission Agreement;
 - ▶ Schedule B - Teck Wheeling Agreement; and
 - ▶ Schedule C - Waneta Interconnection Agreement.

The Transmission Agreements will be executed, along with the other agreements that comprise the Waneta 2017 Transaction, as part of the transaction closing to occur after receipt of the requested Commission orders.

Each of the Transmission Agreements is described in the Application, in section 3.2.11, 3.2.12 and 3.2.13, respectively. With one exception, noted below, each of the Transmission Agreements is consistent with the expectations of BC Hydro as expressed in those sections of the Application.

The Transmission Agreement Term Sheet is described in section 3.2.10 of the Application. It describes the intended substance of Transmission Agreements. With one exception, noted below, each of the Transmission Agreements is materially consistent with the expectations of BC Hydro and Teck as expressed in the Transmission Agreement Term Sheet. To demonstrate that the subject matter of the Transmissions Agreements as described in the Transmission Agreement Term Sheet has been faithfully captured in the definitive agreements, BC Hydro has prepared a Table of Concordance as part of this exhibit. It identifies the sections in the Transmission Agreements that correspond to the intentions of Teck and

BC Hydro regarding those agreements as expressed in the Transmission Agreement Term Sheet.

Some of the Commission and Intervener IRs asked for information regarding the Transmission Agreements. Those IRs were filed concurrently with the Transmission Agreements. BC Hydro confirms that the explanations and descriptions of the agreements as set out in those IRs is consistent with the final form of the agreements described herein.

In the Application BC Hydro explained that the Waneta Interconnection Agreement would be filed with the Commission for approval as a “rate” because of certain regulated transmission-related ancillary services expected to be included within it that were to be provided by BC Hydro to Teck. Over the course of negotiating the Transmission Agreements, it became apparent that those ancillary services were more closely aligned with the related services in the Teck Wheeling Agreement. Moreover, there was no good reason to contractually separate those services from the related wheeling services that are the subject of the Teck Wheeling Agreement and which requires Commission approval in any event. Accordingly, the latter agreement now accounts for the provision by BC Hydro of all regulated services to Teck, and the former agreement no longer requires an express Commission approval. This is the exception referred to above.

To reflect this change, BC Hydro also filed a revised Draft Order as Exhibit B-13. That revised Draft Order is the same as that attached to the Application at Appendix A, except that the words “and Waneta Interconnection Agreement” have been struck from numbered paragraph 2 of page 2 of that draft order. BC Hydro respectfully submits that this change is Minor, and will not affect the proceeding in regard to process or substance.

**Waneta 2017 Transaction Application
Transmission Agreements**

**Attachment 2
Transmission Agreements**



Mark Poweska
Executive Vice-President,
Operations
Phone: 604-623-4588
Email: mark.poweska@bchydro.com

January 30, 2018

Mr Andrew Golding
Teck Resources Limited
TCAI Incorporated
Suite 3300, 550 Burrard Street
Vancouver, BC
V6C 0B3

Dear Andrew:

Re: Transmission Agreements - Waneta Purchase Agreement and Transaction Closing Matters Agreement

We refer to the Waneta Purchase Agreement (WPA) dated August 1, 2017 between Teck Resources Limited (Teck), TCAI Incorporated (TCAI), BC Hydro and Waneta Holdings (US) Inc. (WHUSI), and the Transaction Closing Matters Agreement (TCMA) dated August 1, 2017 between Teck, TCAI, Teck Metals Ltd. (TML), BC Hydro and WHUSI.

We write to confirm our understanding that the attached forms of Waneta Transmission Agreement (Schedule A), Teck Wheeling Agreement (Schedule B) and Waneta Interconnection Agreement (Schedule C) are, respectively, the definitive forms of the Transmission Agreement, Wheeling Agreement and WHS IA Amending Agreement (as those terms are defined in the WPA) negotiated and agreed between TML and BC Hydro pursuant to the TCMA.

BC Hydro intends to file on January 31, 2018 the attached forms of agreement with the British Columbia Utilities Commission in connection with BC Hydro's application dated October 30, 2017 for Commission orders in respect of the Waneta 2017 Transaction.

If the foregoing accurately reflects your understanding, please confirm your agreement with the foregoing by signing and returning a copy of this letter.

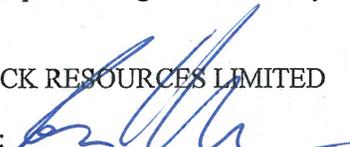
Sincerely,

BRITISH COLUMBIA HYDRO AND POWER
AUTHORITY

By: 
M.J. POWESKA

Accepted and agreed on January 30, 2018
by:

TECK RESOURCES LIMITED

By: 

R.A. MILLOS
Senior Vice President, Finance and
Chief Financial Officer

cc: Ron Ezekiel, Fasken Martineau LLP

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Schedule A

Waneta Transmission Agreement

WANETA TRANSMISSION AGREEMENT

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

and

TECK METALS LTD.

DATED FOR REFERENCE

●, 2018

TABLE OF CONTENTS

1. DEFINITIONS AND INTERPRETATION	2
1.1 Definitions	2
1.2 Interpretation	11
2. TERM.....	12
2.1 Term of Agreement	12
3. TECK TRANSMISSION ASSETS PRIOR TO THE TRANSMISSION PURCHASE CLOSING.....	12
3.1 Responsibility for Ownership, Operation and Maintenance	12
3.2 Operation and Maintenance Standards	13
3.3 Inspection of Teck Transmission Assets.....	13
3.4 Teck Transmission Options.....	14
3.5 Security over Teck Transmission Assets.....	15
4. TRANSMISSION ACCESS PRIOR TO 2036	15
4.1 Availability at the Kootenay Interconnection.....	15
4.2 Schedule to the BC/US Boundary	16
4.3 Maximum Transmission Capacity.....	16
4.4 Unused Scheduling Rights and Transmission Capacity	16
4.5 Planned Outages.....	17
4.6 KI Delivery Limitations (Until January 1, 2036)	17
4.7 BC/US Boundary Limitations (Until January 1, 2036).....	18
4.8 Teck Alternate Means (Until January 1, 2036)	19
4.9 Teck and BC Hydro Alternate Means (Until January 1, 2036)	19
4.10 Dispute Resolution (Until January 1, 2036)	19
4.11 Greater Certainty (Until January 1, 2036).....	19
5. TRANSMISSION FROM AND AFTER 2036	20
5.1 Availability at the Kootenay Interconnection (from and after January 1, 2036)...	20
5.2 Schedule to the BC/US Boundary (from and after January 1, 2036).....	20
5.3 Maximum Transmission Capacity (from and after January 1, 2036).....	21
5.4 Unused Scheduling Rights and Transmission Capacity (from and after January 1, 2036) 21	
5.5 Kootenay Interconnection Limitations (from and after January 1, 2036).....	23
5.6 BC/US Boundary Limitations (from and after January 1, 2036)	23
5.7 Teck Alternate Means (From and After January 1, 2036).....	23

5.8	Teck and BC Hydro Alternate Means (From and After January 1, 2036)	23
6.	UPGRADES TO TECK TRANSMISSION ASSETS	24
6.1	Upgrades to Teck Transmission Assets	24
7.	OPERATING COMMITTEE	24
7.1	Operating Committee	24
7.2	Transmission Operating Procedures	24
7.3	Transmission Operating Procedures as at Effective Date	25
7.4	Amendment, Termination or Replacement of Transmission Operating Procedures	25
8.	TRANSMISSION LOSSES AND OPERATING COSTS/ COVENANTS	25
8.1	Transmission Losses	25
8.2	Contribution to Operating Costs	26
8.3	Covenants re Teck Transmission Rights	28
9.	REGULATORY SUPPORT	29
9.1	Interconnection between Line 71 and BPA System	29
10.	BC HYDRO PURCHASE OF TECK TRANSMISSION ASSETS	29
10.1	End of Lease Term—Purchase and Sale of Teck Transmission Assets	29
10.2	Teck Transmission Assets Purchase Closing	29
10.3	Election re Certain Teck Transmission Options	29
10.4	Election re Alternate Means	30
10.5	Transmission Purchase Price	30
10.6	Adjustments to Transmission Purchase Price	31
10.7	Early Termination of Lease Term due to Material Default	32
10.8	Registration of Purchase Right	32
10.9	Closing Matters	32
11.	BC HYDRO PURCHASE OF LINE 71 ASSETS	33
11.1	Teck Default—BC Hydro Option to Purchase the Line 71 Assets	33
11.2	Line 71 Purchase Closing	34
11.3	Line 71 Assets Purchase Price	34
11.4	Adjustments to Line 71 Assets Purchase Price	35
11.5	Line 71 Assets Purchase as a Result of Teck Default – Damages Claim	35
11.6	Registration of Purchase Right	36
11.7	Closing Matters	36
12.	TRANSFER TAXES	37
12.1	Transfer Taxes	37

13.	INTERIM PERIOD	37
13.1	Length of Interim Period	37
13.2	Interim Period Actions	38
14.	LIENS AND SECURITY	39
14.1	No Liens	39
14.2	Security Election	39
14.3	Security Election and Delivery of Security Documents	39
15.	IMBALANCE SERVICES, SCHEDULED TRANSFERS OF ENERGY FROM FORTISBC SYSTEM TO EMERALD SWITCHING STATION AND BACKUP SERVICE	40
15.1	Imbalance Services	40
15.2	Imbalance Service Rates	40
15.3	Scheduled Transfers of Energy from FortisBC System to Emerald Switching Station 41	
15.4	Backup Service	41
15.5	Backup Service Rates	42
16.	ALTERNATIVE TO BC HYDRO WHEELING	42
16.1	Alternative to Wheeling Agreement	42
16.2	Wheeling Agreement Terminates	44
16.3	Intent of Sections 16.1 and 16.2	44
16.4	No Teck Right for BC Hydro to Supply the Industrial Operation	44
17.	UNANTICIPATED CIRCUMSTANCES	44
17.1	Unanticipated Circumstances	44
18.	ADDITIONAL BC HYDRO RIGHTS IF MATERIAL BREACH BY TECK	45
18.1	Additional BC Hydro Rights	45
19.	DISPUTE RESOLUTION	45
19.1	Arbitration	45
19.2	Third Party Referee	46
20.	NOTICES	48
20.1	Notices	48
20.2	Delivery of Notices	49
21.	MISCELLANEOUS	49
21.1	No Assignment Without Consent	49
21.2	Assignment by Teck to Transferee under Lease	49
21.3	Assignment by Teck after the Waneta End Date	50

21.4	Permitted Assignment by BC Hydro	50
21.5	No Third Party Beneficiaries	51
21.6	Further Assurances	51
21.7	No Consequential Damages	51
21.8	Waiver	51
21.9	Governing Law	51
21.10	Amendments	51
21.11	Enurement	51
21.12	Counterpart Execution	52
21.13	Electronic Delivery	52

WANETA TRANSMISSION AGREEMENT

THIS AGREEMENT is made as of ●, 2018 (the “**Effective Date**”)

BETWEEN:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

(“**BC Hydro**”)

AND:

TECK METALS LTD.

(“**Teck**”)

WHEREAS:

- A. On the Effective Date, BC Hydro will purchase Teck Resources Limited’s 2/3rd interest in the “**Waneta Assets**” as defined in the Waneta Purchase Agreement (2017), and become the 100% owner of such Waneta Assets, encumbered by the Lease under which Teck will be the lessee of the 2/3rd interest in the real property, building and fixtures that comprise the Waneta Assets sold to BC Hydro;
- B. From and after the Effective Date, Teck will operate the Waneta Assets in accordance with the COPOA;
- C. Teck continues to own the Teck Transmission Assets, including the Line 71 Assets;
- D. In connection with the purchase of the Waneta Assets, BC Hydro has waived its right under the Co-Ownership and Operating Agreement between the Parties, dated March 5, 2010 (the “**COA**”) to purchase the Line 71 Assets;
- E. The Parties have agreed that BC Hydro will purchase the Teck Transmission Assets at the end of the Lease Term and, in certain default circumstances, BC Hydro may acquire the Line 71 Assets only prior to the end of the Lease Term;
- F. The Parties have agreed that until the end of the Lease Term (the Waneta End Date), Teck will continue to make BC Hydro’s Share of Actual Generation available to BC Hydro as previously provided for under the COA (including to provide for the allocation between Teck and BC Hydro of the impacts of unit outages under the Canal Plant Agreement, both before and after January 1, 2036), except that if BC Hydro becomes entitled to acquire the Line 71 Assets prior to the Waneta End Date, Teck’s scheduling obligations relating to the Line 71 Assets as previously provided for under the COA will cease as of that date;
- G. The Parties have also agreed, as a condition of completing BC Hydro’s purchase of Teck Resources Limited’s 2/3rd interest in the Waneta Assets, to enter into a wheeling

agreement to provide, following the purchase by BC Hydro of the Line 71 Assets, up to 300 MW of import wheeling from the BC/US Boundary to the point of interconnection between BC Hydro's System and Teck-owned assets, solely for the purposes of Teck supplying the Industrial Operations;

- H. The Parties wish to set out certain transmission arrangements between them relating to the Teck Transmission Assets, both during and after the end of the Lease Term, all on the terms and conditions specified in this Agreement; and
- I. The Parties have entered into this Agreement as a condition of the completion of the transaction contemplated in the Waneta Purchase Agreement (2017).

THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements set forth in this Agreement and of other good and valuable consideration, the Parties hereby covenant, agree and declare as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) “**1996 Exemption Order**” means the exemption order dated March 29, 1996 and made pursuant to then section 27 (now section 22) of the Utilities Commission Act, which exempts Teck from most of the provisions of Part 3 of the Utilities Commission Act;
- (b) “**Agreement**” means this Waneta Transmission Agreement, as amended, restated and/or supplemented from time to time, and includes any schedules referred to in it as being attached to it;
- (c) “**Alternate Means**” means overcoming a KI Delivery Limitation, which may include new or upgraded transmission, use of other available transmission rights or wheeling on third party systems, provided it is divisible between BC Hydro and Teck on a Line 71 Purchase Closing;
- (d) “**Applicable Laws**” means, at any given time, all applicable federal, state, provincial, municipal, local and foreign statutes, codes, ordinances, decrees, rules, regulations and by-laws, and judicial, executive, arbitral, administrative, ministerial, departmental or regulatory judgments, decrees, decisions, rulings, awards, policies, requirements, standards, guidelines, permits, licences, authorizations, approvals and orders, and all applicable common law, in each case having the force of law and in effect at that time;
- (e) “**BC Hydro Security Documents**” means documents creating a valid security interest in the Wheeling Facilities, including at a minimum a general security agreement, mortgage, and assignment of the Wheeling Contracts (as security), in forms to be settled between the grantor and Teck, each acting reasonably, failing

which the nature and form of the documents shall be settled by a Third Party Referee pursuant to Section 19.2;

- (f) “**BC Hydro System**” means the interconnected generation and transmission facilities and related protection, control and communication equipment in British Columbia owned and/or operated by BC Hydro (excluding the Entitlement Parties’ System), including all additions and modifications thereto and repairs or replacements thereof;
- (g) “**BC Hydro System Operator**” means BC Hydro acting in its capacity as a transmission service provider and/or control area operator from time to time;
- (h) “**BC Hydro’s Share of Actual Generation**” means BC Hydro’s Participation Percentage of all capacity and energy output from the Waneta Plant, as may be adjusted pursuant to Section 13.2 of the COPOA;
- (i) “**BC Hydro’s Participation Percentage**” means 33.333% until the Waneta End Date, and 100% after the Waneta End Date;
- (j) “**BCUC**” means the British Columbia Utilities Commission established pursuant to the Utilities Commission Act;
- (k) “**BC/US Boundary**” means, subject to Section 8.3(f), the international boundary between Canada (limited to the southern border of British Columbia) and the United States of America;
- (l) “**Business Day**” means any day of the year except Saturdays, Sundays and statutory holidays in the Province of British Columbia;
- (m) “**COA**” has the meaning ascribed to it in the Recitals;
- (n) “**Consumer Price Index**” means the Consumer Price Index for British Columbia, all items, as published by Statistics Canada or equivalent from time to time;
- (o) “**COPOA**” means the co-possessors and operating agreement that will become effective between the Parties on the Effective Date;
- (p) “**CPA**” or “**Canal Plant Agreement**” means the Second Amended and Restated 2005 Canal Plant Agreement dated for reference November 15, 2011 among Teck, BC Hydro and others, as amended [**as at the Effective Date**], as it may be further amended, modified or restated from time to time;
- (q) “**CPA Subagreement**” means the Second Amended and Restated CPA Subagreement dated for reference November 15, 2011 among Teck and others, as amended [**as at the Effective Date**], as it may be further amended, modified or restated from time to time;
- (r) “**Effective Date**” has the meaning given to it on the first page of this Agreement;

- (s) “**Emerald Switching Station**” means the 63 kV switching station at Warfield, B.C.;
- (t) “**Entitlement Capacity**” has the same meaning as set forth in the CPA;
- (u) “**Entitlement Energy**” has the same meaning as set forth in the CPA;
- (v) “**Entitlement Parties**” means, at any given time, the parties to the Canal Plant Agreement other than BC Hydro;
- (w) “**Entitlement Parties’ System**” means the contiguous, interconnected generation and transmission facilities and related protection, control and communication equipment located in British Columbia and owned by one or more of the Entitlement Parties or their affiliates, and includes all additions and modifications thereto and repairs or replacements thereof, and specifically includes the Waneta Expansion, even though it is connected to the Entitlement Parties’ transmission facilities through facilities owned by BC Hydro;
- (x) “**Force Majeure**” means any event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance is not within the reasonable control of, or is not the result of the negligence of, that Party, and which, by the exercise of due diligence, that Party is unable to overcome or avoid or cause to be avoided, and for greater certainty does not include any failure by Teck (to the extent such failure is owing to an act or omission of Teck or its contractors, employees or agents) to own, operate, repair, maintain and preserve the Teck Transmission Assets as required by this Agreement unless such failure is as the result of an event or circumstance otherwise described in this paragraph;
- (y) “**FortisBC**” means FortisBC Inc.;
- (z) “**FortisBC Line 71 Rights**” has the meaning set forth in Section 4.4(c);
- (aa) “**FortisBC System**” means the interconnected generation and transmission facilities and related protection, control and communication equipment in British Columbia owned and/or operated by FortisBC, including all additions and modifications thereto and repairs or replacements thereof;
- (bb) “**Good Utility Practice**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the Western Electricity Coordinating Council region;

- (cc) “**Governmental Entity**” means (i) any multinational, federal, provincial, state, municipal, local or other government or governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above, excluding BC Hydro other than in its capacity as transmission system operator, control area operator and similar functions;
- (dd) “**Industrial Operations**” means Teck’s metallurgical operations (which at present include a zinc refinery and lead smelter) at or near Trail and Warfield, British Columbia, and during the period of those operations any other co-located industrial and commercial operations, including the oxygen plant and other third party-owned facilities integrated into those operations;
- (ee) “**Interim Period**” has the meaning given to that term in Section 13.1;
- (ff) “**KI Delivery Limitations**” has the meaning given to the term in Section 4.6;
- (gg) “**Kootenay Interconnection**” has, subject to Section 8.3(e), the meaning set forth in Schedule B to the CPA, or in any Replacement CPA, in either case as may be amended from time to time, and any additional points of interconnection that the BC Hydro System Operator designates as being included within the “Kootenay Interconnection” scheduling point;
- (hh) “**Lease**” means the lease agreement that is effective between the Parties on the Effective Date;
- (ii) “**Lease Term**” means the term of the Lease (including any renewal thereof), ending on the date when the Lease expires or is terminated earlier in accordance with its terms;
- (jj) “**Lien**” means, whether or not registered or registrable or recorded or recordable and regardless of how created or arising, any:
- (i) mortgage, charge, pledge, lien, hypothec, assignment by way of security, lease, conditional sale or title retention agreement (including any capital lease), security created under the *Bank Act* (Canada) or any other encumbrance or security interest, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or otherwise, and any other interest in property or assets that secures payment or performance of any obligation;
 - (ii) claim, interest or estate against or in assets or property (whether real, personal, mixed, tangible or intangible), howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or otherwise, that secures performance of any obligation or payment to any Person; and

- (iii) any agreements to create, or right capable of becoming, any of the foregoing;
- (kk) “**Lines 14-17**” means the four 63 kV transmission lines running between the Waneta Hydro Station and the Emerald Switching Station, including any upgrades or replacements thereof;
- (ll) “**Line 62**” means the 63kV transmission line owned by FortisBC running from Emerald Switching Station to FortisBC’s Warfield Terminal Station;
- (mm) “**Line 71**” means the 230 kV transmission line running from the Waneta Hydro Station to the Nelway Substation and to the BC/US Boundary where it interconnects with the transmission system of Bonneville Power Administration, and includes any associated transformers, breakers and ancillary equipment, and upgrades or replacements thereof;
- (nn) “**Line 71 Agreement**” means the Line 71 Agreement between BC Hydro and Teck dated for reference April 15, 2002, as amended pursuant to the Line 71 Amending Agreement between those same parties dated for reference December 6, 2002, as may be further amended, modified or restated from time to time;
- (oo) “**Line 71 Assets**” means
 - (i) Line 71;
 - (ii) the Line 71 Scheduling Rights; and
 - (iii) any real property and real property rights (including rights of way) owned or held by Teck associated with any of the foregoing, but for certainty, excluding any real property and real property rights that are Waneta Assets; and
 - (iv) any Alternate Means designated by BC Hydro pursuant to Section 11.1;
- (pp) “**Line 71 Assets Purchase Price**” has the meaning given to that term in Section 11.3;
- (qq) “**Line 71 Assumed Contracts**” means those Transmission Assumed Contracts identified as Line 71 Assumed Contracts in Schedule B;
- (rr) “**Line 71 Export Scheduling Rights**” the rights available to Teck under the Line 71 Agreement to schedule the export of electricity from British Columbia to the United States of America;
- (ss) “**Line 71 Purchase Closing**” means the completion of the purchase and sale of the Line 71 Assets as contemplated in Section 11;

- (tt) “**Line 71 Purchase Trigger Date**” has the meaning given to that term in Section 11.1;
- (uu) “**Line 71 Scheduling Rights**” means the rights available to Teck under the Line 71 Agreement to schedule the import of electricity from the United States of America to British Columbia and the export of electricity from British Columbia to the United States of America;
- (vv) “**Line 71 Security**” has the meaning given to that term in Section 3.5;
- (ww) “**Material Adverse Change**” means any one or more changes, events or occurrences which either individually or in the aggregate are material and adverse to the value of the Teck Transmission Assets or Line 71 Assets, as applicable, or to BC Hydro’s ability to receive the benefits of the Teck Transmission Assets or Line 71 Assets, as applicable, following the Transmission Purchase Closing or Line 71 Purchase Closing, as applicable;
- (xx) “**Nelway Arrangements**” means:
 - (i) the Nelway Agreement between Teck Cominco Metals Ltd. (now Teck Metals Ltd.) and BC Hydro dated December 6, 2002;
 - (ii) the right of way granted by BC Hydro to Teck registered in the Kamloops Land Title Office under no’s LB350362, LB350363, LB357643 and LB357644; and
 - (iii) the interconnection agreement dated April 5, 2004 between Teck and BC Hydro;
- (yy) “**Nelway Substation**” means the Nelway Substation owned by BC Hydro near Nelway, British Columbia;
- (zz) “**OATT**” means BC Hydro’s Open Access Transmission Tariff as approved by the BCUC from time to time;
- (aaa) “**Parties**” means the parties to this Agreement and “**Party**” means either of them;
- (bbb) “**PASDA**” means the Power Asset Sale and Development Agreement made the 18th day of May, 1994 between Her Majesty the Queen in right of the Province of British Columbia as represented by the Minister of Employment and Investment, and Cominco Ltd., as amended by the Power Asset Amendment Agreement (Brilliant) between Cominco Ltd. and Columbia Power Corporation dated May 22, 1996, and as may be amended, modified or restated from time to time;
- (ccc) “**Permitted Encumbrances**” means
 - (i) Liens for Taxes, assessments or governmental charges or levies which are not delinquent;

- (ii) Liens for Taxes, assessments or governmental charges or levies, the validity of which is being contested at the time by Teck in good faith by proper legal proceedings if, in BC Hydro's reasonable opinion, adequate provision has been made for their payment;
 - (iii) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, material men, carriers and others in respect of the construction, maintenance, repair or operation of the Wheeling Facilities, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any of the Wheeling Facilities and in respect of which adequate holdbacks are being maintained by BC Hydro, as required by Applicable Laws; and
 - (iv) the right reserved to or vested in any governmental authority pursuant to the original grant of title to the real properties, by any statutory provision or by the terms of any governmental authorization including rights to terminate any such governmental authorization or to require annual or other payments as a condition of their continuance; and
 - (v) Liens granted by BC Hydro in favour of a Person, provided that such Person has agreed in writing with and in favour of Teck (such agreement to be in form and substance to the satisfaction of Teck acting reasonably), that such Liens rank subordinate in all respects to the interests of Teck and are subject to the terms of this Agreement, and that enforcement of its Liens shall be subject to the terms of this Agreement;
- (ddd) "**Person**" means an individual, legal personal representative, corporation, body corporate, firm, partnership, trust, trustee, syndicate, joint venture, unincorporated organization, association or governmental authority;
- (eee) "**Purchase Closing**" means a Line 71 Purchase Closing or the Transmission Purchase Closing;
- (fff) "**Replacement CPA**" means any agreement that replaces the CPA as between Teck and BC Hydro, or among Teck, BC Hydro and others, in each case, as may be amended, modified or restated from time to time;
- (ggg) "**Security Election**" has the meaning given to that term in Section 14.2;
- (hhh) "**Service Termination Date**" has the meaning given to that term in the Wheeling Agreement;
- (iii) "**Tax**" and "**Taxes**" means any or all Canadian federal, provincial, local or foreign (i.e., non-Canadian) income, gross receipts, real property gains, goods and services, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added,

alternative or add on minimum, or other taxes, levies, governmental charges or assessments of any kind whatsoever;

- (jjj) “**Teck Security**” means the Teck Security Documents as defined in the COPOA;
- (kkk) “**Teck Transmission Assets**” means the assets described in Schedule A;
- (lll) “**Teck Transmission Option**” means any of Teck’s options to purchase capacity and/or asset rights pursuant to the Transmission Facilities Agreement dated for reference the 18th day of July, 2003 between Teck and FortisBC, as amended;
- (mmm) “**Teck Transmission Rights**” means all of the transmission-related rights and benefits of Teck, including until the Transmission Obligation End Date, all of Teck’s rights to and benefits of Line 71 and under or pursuant to the Line 71 Agreement, necessary to satisfy its obligations under Sections 4, 5 and 13.2;
- (nnn) “**Teck’s Entitlement Capacity**” means the Entitlement Capacity under the CPA attributable to Teck’s Participation Percentage of the Waneta Plant;
- (ooo) “**Teck’s Entitlement Energy**” means the Entitlement Energy under the CPA attributable to Teck’s Participation Percentage of the Waneta Plant;
- (ppp) “**Teck’s Participation Percentage**” means 66.667% until the Waneta End Date, and 0.00% thereafter;
- (qqq) “**Third Party Referee**” means an independent third party to which a disagreement between the Parties under any of Sections 1.1(e), 10.5(g), 10.6, 11.3(d), 11.4, 14.3(b), 15.3 or 16.1 is referred as provided in Section 19.2, or by mutual agreement pursuant to Section 19.2;
- (rrr) “**Transaction**” means the transaction of purchase and sale of the Teck Transmission Assets or Line 71 Assets, as applicable, provided for and contemplated in this Agreement;
- (sss) “**Transfer**” means any sale, exchange, transfer, assignment, gift, alienation, transmission or a transaction, whether voluntary, involuntary or by operation of law by which any or all of the legal or beneficial right, title and interest in the Teck Transmission Assets passes from Teck to any other Person, whether or not for value, but for certainty specifically excludes any transaction entered into by Teck and a third party pursuant to and in compliance with Section 5.4(c), and “**Transfer**”, “**Transferred**”, “**Transferor**” and “**Transferee**” and similar expressions have corresponding meanings;
- (ttt) “**Transfer Taxes**” means all sales taxes, sales and use taxes, value added taxes, goods and services taxes, property transfer taxes, harmonized sales taxes and other transfer taxes and similar charges, including, without limitation, any interest and penalties, required to be reported upon or paid to any Governmental Entity in respect of the Transaction;

- (uuu) “**Transmission Assumed Contracts**” means the contracts and agreements described in Schedule B;
- (vvv) “**Transmission Obligation End Date**” means the earliest of:
- (i) the Line 71 Purchase Trigger Date (if any);
 - (ii) the date on which BC Hydro acquires any assets and/or rights charged under the Line 71 Security pursuant to the exercise by BC Hydro of its rights under the Line 71 Security; and
 - (iii) the Waneta End Date;
- (www) “**Transmission Purchase Closing**” means the completion of the purchase and sale of the Teck Transmission Assets contemplated in Section 10;
- (xxx) “**Transmission Purchase Price**” has the meaning ascribed to it in Section 10.5;
- (yyy) “**Transmission Rights of Way**” means the statutory rights of way listed in Schedule D;
- (zzz) “**Transmission-Related Agreements**” means this Agreement, the Wheeling Agreement and the Waneta Interconnection Agreement;
- (aaaa) “**Utilities Commission Act**” means the *Utilities Commission Act* (British Columbia), as may be amended or replaced from time to time, or any successor thereof;
- (bbbb) “**Waneta Assets**” means collectively, the Waneta Plant and those properties, assets, equipment, parts, permits, licences, authorizations or agreements of every nature and kind, real, personal or mixed, and whether tangible or intangible that are owned or leased by the Parties or in which the Parties have an interest and that are used from time to time in connection with the operation and maintenance of the Waneta Plant, including as of the Effective Date the “Waneta Assets” (as that term is defined in the Waneta Purchase Agreement (2017)), and any successor or substitute assets therefor;
- (cccc) “**Waneta End Date**” means the date on which the Lease expires or is otherwise terminated in accordance with its terms;
- (dddd) “**Waneta Expansion**” means the hydro-electric facilities constructed near the Waneta Plant using the hydraulic head created by the Waneta dam, including upgrades thereto from time to time;
- (eeee) “**Waneta Hydro Station**” means the substation located near the Waneta hydroelectric dam connecting its generators to, among other things, Line 71 and Lines 14-17, except (A) that part of the Waneta Hydro Station that is part of the Waneta Assets, and (B) those parts of Line 18 within the Waneta Hydro Station;

- (ffff) “**Waneta Interconnection Agreement**” means the Waneta interconnection agreement between BC Hydro and Teck dated as of the Effective Date;
- (gggg) “**Waneta Plant**” means the Waneta dam located on the Pend d’Oreille River and its generating station, and any upgrades thereto, the Waneta Hydro Station, transmission infrastructure and equipment between the Waneta dam and the Waneta Hydro Station, all related tangible assets and equipment owned or leased by the Parties or in which the Parties have an interest and that are used by the Parties in connection with the operation and maintenance of those assets from time to time, and any successor or substitute assets therefor;
- (hhhh) “**Waneta Purchase Agreement (2017)**” means the Waneta purchase agreement dated August 1, 2017 among BC Hydro, Waneta Holdings (US) Inc., Teck Resources Limited and TCAI Incorporated;
- (iiii) “**Wheeling Agreement**” means the Teck wheeling agreement between BC Hydro and Teck dated as of the Effective Date, as approved by the BCUC; and
- (jjjj) “**Wheeling Facilities**” has the meaning given to that term in the Wheeling Agreement.

1.2 Interpretation

In this Agreement, except where otherwise expressly provided:

- (a) unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing gender include all genders, “or” is not exclusive, “including” is not limiting, whether or not non-limiting language (such as “without limitation”) is used with reference to it, a grammatical variation of a defined term shall have a corresponding meaning, and reference to any person includes such person’s successors and assigns but, if applicable, only if the succession or assignment is permitted under this Agreement;
- (b) the inclusion of headings in this Agreement is for convenience only and shall not affect the construction or interpretation of this Agreement;
- (c) any reference to an hour, day or month is a reference to a calendar hour, day or month, unless specified otherwise;
- (d) any reference to a specified Section or other subdivision of this Agreement or to a Schedule is to the designated Section or other subdivision of, or Schedule to, this Agreement, unless the context otherwise requires;
- (e) any reference to a statute includes and is a reference to such statute and to the regulations made pursuant to it, with all amendments to them in force from time to time, and to any statute or regulations that may be passed which supplement or supersede such statute and such regulations;

- (f) all monetary amounts referred to in this Agreement are stated and shall be paid in Canadian currency; and
- (g) the language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party.

2. TERM

2.1 Term of Agreement

The term of this Agreement shall commence on the Effective Date and shall continue until the Service Termination Date.

3. TECK TRANSMISSION ASSETS PRIOR TO THE TRANSMISSION PURCHASE CLOSING

3.1 Responsibility for Ownership, Operation and Maintenance

Subject to the terms and conditions of this Agreement, Teck shall own, operate and maintain the Teck Transmission Assets until the Transmission Purchase Closing. For greater certainty, except for Transfers undertaken in the ordinary course of operating, repairing and maintaining the Teck Transmission Assets, Teck shall not Transfer the Teck Transmission Assets or any part thereof to any Person, without the consent of BC Hydro which may be withheld for any reason or no reason, except that Teck may effect a Transfer of all but not less than all of the Teck Transmission Assets and all of its interest in the Transmission-Related Agreements without the prior written consent of BC Hydro in the following circumstances provided that it has first given written notice of the proposed Transfer to BC Hydro:

- (a) a Transfer in the course of a bona fide internal reorganization of Teck's Industrial Operations amongst Teck and its Affiliates as long as Teck's Industrial Operations continue to be owned and operated by Teck or by its Affiliates following the reorganization; or
- (b) a Transfer to a purchaser of Teck's Industrial Operations, in conjunction with and contemporaneously with the sale of all of Teck's Industrial Operations to the same purchaser,

and provided, in each case, that the proposed Transferee is capable of performing all of Teck's obligations pursuant to the Transmission-Related Agreements. Teck will not enter into any contracts following the Effective Date that would diminish or alter BC Hydro's rights hereunder without BC Hydro's prior written consent, not to be unreasonably withheld, provided nothing in this Section 3.1 restricts or limits Teck's ability to comply with its obligations hereunder.

3.2 Operation and Maintenance Standards

Subject to Section 13.2, Teck shall maintain and operate the Teck Transmission Assets until the Transmission Purchase Closing as would a prudent owner acting in accordance with Applicable Laws, the permits, licences and other authorizations from, or with, any governmental authority required to own, operate and maintain the Teck Transmission Assets, and Good Utility Practice, and in material compliance with applicable contracts to which Teck is bound, on the basis that, collectively, the Teck Transmission Assets are required to supply a large industrial customer and for which no system redundancies or alternate supply options exist (except to the extent alternate transmission paths are available under the CPA Subagreement or other transmission facility sharing arrangements), and on the basis that the Teck Transmission Assets will be maintained and sustained as a whole (but not necessarily any individual component) indefinitely, including to provide service as set out in and when required under the Wheeling Agreement. Recognizing that there is a range of standards or practices included within Good Utility Practice, the applicable standard or practice shall be the one most consistent with the practice prior to the Effective Date. Without limiting the foregoing, Teck will make commercially reasonable efforts to enter into, prior to the Transmission Obligation End Date, crossing agreements on commercially reasonable terms with BNSF Railway Company over PID 016-708-628 and with Canadian Pacific Ltd. (now Canadian Pacific Railway Company) over PID 007-821-069.

3.3 Inspection of Teck Transmission Assets

Without limiting Section 3.2, and until the Transmission Purchase Closing, Teck shall, subject to Section 8.2, at its cost, engage:

- (a) a duly qualified professional to complete a visual inspection of the Teck Transmission Assets consistent with Good Utility Practice; and
- (b) a duly qualified professional engineer nominated by Teck, and agreed to by BC Hydro acting reasonably, to complete and provide to both BC Hydro and Teck a Condition Assessment Report of the Teck Transmission Assets at least every eight years (provided it shall be acceptable for Teck to stagger the work necessary for preparation of such Condition Assessment Report among Lines 14-17, Line 71 (if applicable), Emerald Switching Station and the Waneta Hydro Station provided each component of the Teck Transmission Assets is assessed at least every eight years).

From time to time, acting reasonably, the Parties will revisit whether the scope or nature of, or, despite Section 3.3(b) above, the frequency of engagement of a duly qualified professional engineer to complete, periodic Condition Assessment Reports, can be adjusted in light of then-prevailing best practices in the industry, with a view to reducing the costs associated with such engagement, provided always that any such adjustment shall not, in Teck's opinion (reasonably formed), impair Teck's ability to meet its obligations in Section 3.2.

3.4 **Teck Transmission Options**

- (a) Teck shall use commercially reasonable efforts prior to the expiry of any of the Teck Transmission Options to extend the time for exercising such Teck Transmission Options until at least 90 days after the Waneta End Date, including any potential renewal thereof. If there is a cost to extending the time for exercising any of the Teck Transmission Options, Teck shall notify BC Hydro of the cost and, if BC Hydro directs Teck to extend any such options, BC Hydro shall pay the costs associated with extending such Teck Transmission Options.
- (b) At any time during the Lease Term, Teck shall exercise any Teck Transmission Option as directed by BC Hydro from time to time. If there is a cost to exercising any Teck Transmission Option, Teck shall notify BC Hydro of the cost and, if BC Hydro directs Teck to exercise the option, BC Hydro shall pay the costs associated with exercising any such Teck Transmission Option.
- (c) Teck may, at its cost and at any time during the Lease Term, exercise any Teck Transmission Option, to the extent Teck requires the capacity and/or asset rights available to it under the Teck Transmission Option to evacuate power surplus to the needs of the Industrial Operations, to supply power to the Industrial Operations, or when Teck would have inadequate transmission to meet its CPA or CPA Subagreement obligations, provided that it shall first consult with BC Hydro to coordinate the exercise of the Teck Transmission Option so that all capacity and/or asset rights required or expected to be required by either BC Hydro or Teck are obtained or can be obtained at a future time.
- (d) If Teck exercises any Teck Transmission Option prior to the Waneta End Date, either on its own or at BC Hydro's request, the capacity and/or asset rights acquired upon such exercise shall thereafter be included in the Teck Transmission Assets if and as provided in Schedule A. Teck shall maintain the rights acquired pursuant to such exercise and BC Hydro may use the capacity and the capacity and/or asset rights obtained pursuant to such exercise except to the extent that Teck requires the capacity and/or asset rights during the Lease Term to evacuate power surplus to the needs of the Industrial Operations, to supply power to the Industrial Operations, or when Teck would have inadequate transmission to meet its CPA or CPA Subagreement obligations.
- (e) Each Party shall pay a reasonable allocation of costs associated with maintaining and using any capacity and/or asset rights acquired pursuant to the exercise of

Teck Transmission Options in accordance with this Section 3.4, commensurate with the Party's use. For greater certainty, if capacity and/or asset rights are acquired pursuant to the exercise of any Teck Transmission Option at BC Hydro's request, but Teck makes no use thereof for any purpose, 100% of the costs associated with maintaining and using the capacity and/or asset rights shall be allocated to BC Hydro, and if capacity and/or assets rights are acquired pursuant to the exercise of any Teck Transmission Option at Teck's option, but BC Hydro makes no use thereof for any purpose, 100% of the costs associated with maintaining and using the capacity and/or asset rights shall be allocated to Teck.

3.5 Security over Teck Transmission Assets

Until BC Hydro purchases the Line 71 Assets, the Line 71 Assets shall be subject to existing security granted by Teck to BC Hydro in 2010 pursuant to the Teck Security, modified to reflect that the Line 71 Assets, and no other Teck assets, are charged by the security (the "**Line 71 Security**"). The 'Obligations' secured by the Line 71 Security have been modified so that only Teck's obligations under this Agreement are secured by the Line 71 Security.

4. TRANSMISSION ACCESS PRIOR TO 2036

4.1 Availability at the Kootenay Interconnection

Subject to Sections 4.3, 4.5 and 4.6, until the earlier of the Waneta End Date and January 1, 2036, Teck shall make BC Hydro's Share of Actual Generation available at:

- (a) the Kootenay Interconnection, except after a Line 71 Purchase Trigger Date during any period during which the Kootenay Interconnection does not include the point of interconnection between Line 71 and the Waneta Hydro Station, in which case at the point of interconnection between Line 71 and the Waneta Hydro Station; or
- (b) at BC Hydro's option from time to time, at the Waneta Plant; or
- (c) at BC Hydro's option from time to time, and to the extent Teck has unused transmission capacity between the Waneta Plant and the Emerald Switching Station, at the point of interconnection between the Teck Transmission Assets and the FortisBC system at the Emerald Switching Station,

in the case of 4.1(a) and 4.1(b) on a firm (subject to liquidated damages under Section 23.2 of the COPOA) and first priority (in priority to any other Teck or third party use) basis, and in all cases without charge to BC Hydro; provided that the portion of BC Hydro's Share of Actual Generation referred to in Sections 13.2(c) and 13.2(d) of the COPOA shall be made available at the Waneta Expansion unless Teck is able to make it available at the Kootenay Interconnection (or other agreed point of interconnection) at no incremental cost to Teck pursuant to one or more agreements entered into by Teck providing for the delivery of Waneta Expansion generation at the Kootenay Interconnection.

4.2 **Schedule to the BC/US Boundary**

Subject to Sections 4.3 and 4.7, until the earlier of the Transmission Obligation End Date and January 1, 2036, if the Line 71 Export Scheduling Rights permit, Teck shall, at BC Hydro's option, schedule using Line 71 Export Scheduling Rights:

- (a) all or any part of BC Hydro's Share of Actual Generation (except that portion of BC Hydro's Share of Actual Generation referred to in Sections 13.2(c) and 13.2(d) of the COPOA unless Teck is able to make it available at the Kootenay Interconnection at no incremental cost to Teck pursuant to one or more agreements entered into by Teck providing for the delivery of Waneta Expansion generation at the Kootenay Interconnection); and
- (b) other electricity made available by BC Hydro at the Kootenay Interconnection,

on a south flowing export energy schedule from the Kootenay Interconnection to the BC/US Boundary, without charge to BC Hydro (other than pursuant to Section 8.2(b)). Such export energy schedule shall be submitted to the BC Hydro System Operator in priority to any other Teck or third party schedule for delivery to the BC/US Boundary using the Line 71 Export Scheduling Rights.

4.3 **Maximum Transmission Capacity**

The maximum amount of transmission capacity that Teck is required to use for purposes of Section 4.1 at any time is the number of MW set forth in Table 4 of Section 14.5(c) of the COPOA (as may be amended from time to time pursuant to Section 14.5 of the COPOA) across from the heading "Capacity" in each of the applicable months for the applicable periods set forth in such Table. The maximum amount that Teck is required to schedule for purposes of Section 4.2 at any time is the same number, less, except where BC Hydro is carrying the requisite reserves, an amount equivalent to reserve requirements for an equivalent amount of generation determined in a manner consistent with the CPA.

4.4 **Unused Scheduling Rights and Transmission Capacity**

- (a) Until the earlier of the Transmission Obligation End Date and January 1, 2036, if BC Hydro wishes to access any Line 71 Export Scheduling Rights over and above the maximum referred to in Section 4.3 in any hour, BC Hydro may give notice thereof to Teck and Teck shall advise BC Hydro whether it expects to use such rights. The timing of such notice to Teck and response to BC Hydro shall be set out in an operating procedure. If Teck does not intend to use such rights, then Teck shall with reasonable advance notice, subject to Section 4.7 and if the Line 71 Export Scheduling Rights permit, use such rights to schedule electricity made available by BC Hydro at the Kootenay Interconnection to the BC/US Boundary at no charge to BC Hydro (other than pursuant to Section 8.2(b)).
- (b) Until the earlier of the Waneta End Date and January 1, 2036, Teck may use any of the Teck Transmission Rights that are not being used for purposes of Sections

4.1 or, if applicable, 4.2, provided however, if Teck grants to a third party access to the Teck Transmission Rights that as a result are subsequently unavailable while a KI Delivery Limitation is in effect, then notwithstanding Section 4.9 Teck shall, to the extent such Teck Transmission Rights would have been a less costly Alternate Means than the Alternate Means actually adopted by Teck and BC Hydro pursuant to Section 4.9, be responsible for and pay for the difference.

- (c) Until the earlier of the Transmission Obligation End Date and January 1, 2036, whenever and so often as exercised, FortisBC's right to the use of Line 71 on an interruptible basis pursuant to the January 20, 1987 letter to West Kootenay Power & Light Company, Limited (now FortisBC) (the "**FortisBC Line 71 Rights**") shall be considered a Teck use of Line 71 for purposes of Sections 4.4(a) and 4.4(b), provided that the FortisBC Line 71 Rights to use Line 71 to export electricity to the United States of America or to otherwise transmit electricity on Line 71 are at all times subordinate to the rights of BC Hydro under Sections 4.1 or 4.2 (up to the maximum in Section 4.3).

4.5 **Planned Outages**

Prior to the Transmission Obligation End Date, there may be planned outages on Line 71 of up to 5 days per calendar year coordinated by Teck in advance with BC Hydro, acting reasonably, during periods when BC Hydro has less or no need for electricity from the Waneta Plant. During such outages, Teck's obligations pursuant to Section 4.1(a) shall be suspended. The Parties shall also establish a procedure for addressing longer planned outages required for extraordinary repairs or maintenance. The Parties shall use their reasonable commercial efforts to design such procedure to minimize the impact on the Parties of such outages (including the impact to Teck pursuant to Section 4.11(a)).

4.6 **KI Delivery Limitations (Until January 1, 2036)**

Teck's obligations to make BC Hydro's Share of Actual Generation available under Section 4.1 are subject to the following (the "**KI Delivery Limitations**"):

- (a) prior to the Transmission Obligation End Date, Teck being prevented from making BC Hydro's Share of Actual Generation available at the Kootenay Interconnection by reason of:
- (i) BC Hydro terminating any of the Nelway Arrangements to which it is a party, unless as a result of breach by Teck;
 - (ii) BC Hydro terminating or disconnecting Line 71 access to the Kootenay Interconnection at the Nelway Substation, as a result of the Waneta Plant failing to comply with generator standards or other generator-related requirements of applicable interconnection agreements; or
 - (iii) BC Hydro terminating or disconnecting Line 71 access to the Kootenay Interconnection at the Nelway Substation for any other reason, unless as a result of breach by Teck under the Nelway Arrangements or applicable

interconnection agreements or by mutual agreement between BC Hydro and Teck;

- (b) after the Transmission Obligation End Date and until the Waneta End Date (in the event that the Transmission Obligation End Date is not the Waneta End Date), Teck being prevented from making BC Hydro's Share of Actual Generation available at the point specified in Section 4.1(a) by reason of:
 - (i) BC Hydro terminating the Waneta Interconnection Agreement, unless as a result of breach by Teck;
 - (ii) BC Hydro terminating or disconnecting access from the Waneta Plant at the Waneta Hydro Station, as a result of the Waneta Plant failing to comply with generator standards or other generator-related requirements of applicable interconnection agreements; or
 - (iii) BC Hydro terminating or disconnecting Waneta Plant access at the Waneta Hydro Station for any other reason, unless as a result of breach by Teck under the Waneta Interconnection Agreement or by mutual agreement between BC Hydro and Teck;
- (c) termination of the 1996 Exemption Order (or any replacement order) if the effect thereof is that Teck would incur incremental costs to make BC Hydro's Share of Actual Generation available at the point specified in Section 4.1(a); and
- (d) prior to the Transmission Obligation End Date, the obligation of Teck pursuant to section 5.9 of the PASDA to not unreasonably deny access to Line 71 for electricity generated at the Waneta Expansion or the Brilliant Expansion, to the extent it is determined to limit the Line 71 transmission capacity available to Teck to comply with its obligations under this Section 4.

4.7 BC/US Boundary Limitations (Until January 1, 2036)

Teck's scheduling obligations set forth in Section 4.2 are subject to the following

- (a) the KI Delivery Limitations;
- (b) the Line 71 Export Scheduling Rights and the BCUC exemption in Order G-34-04 (or in each case, any equivalent successor arrangements) remaining in force or effect; and
- (c) acceptance of the schedule for delivery to the BC/US Boundary, provided that Teck (or its scheduling agent) has met the scheduling requirements of the BC Hydro System Operator;

provided and to the extent that if any of the conditions set forth in this Section 4.7 prevent Teck from scheduling the electricity referred to in Section 4.2(a) to the BC/US Boundary, Section 4.1 shall apply.

4.8 Teck Alternate Means (Until January 1, 2036)

Until the earlier of the Waneta End Date and January 1, 2036, if any of the KI Delivery Limitations limit, or are expected in future to limit, Teck's ability to make BC Hydro's Share of Actual Generation available at the point specified in Section 4.1(a) at any time, or from time to time, then Teck shall use commercially reasonable efforts to perform by Alternate Means; provided it is able to do so at no incremental cost as compared to making BC Hydro's Share of Actual Generation available at the point specified in Section 4.1(a) when no KI Delivery Limitation exists.

4.9 Teck and BC Hydro Alternate Means (Until January 1, 2036)

Until the earlier of the Waneta End Date and January 1, 2036, if Teck is not able to perform by Alternate Means at no incremental cost, then the Parties shall work together in good faith to determine the most cost effective Alternate Means and the Parties shall share equally the costs (whether capital, operating, wheeling, losses or other costs) of the Alternate Means; provided that (i) if the KI Delivery Limitation is one described in Section 4.6(a)(i) or 4.6(b)(i), the cost shall be borne 100% by BC Hydro, and (ii) if the KI Delivery Limitation is one described in Section 4.6(a)(ii) or 4.6(b)(ii), the costs shall be borne in accordance with the Parties' respective Participation Percentages.

4.10 Dispute Resolution (Until January 1, 2036)

If the Parties are unable to agree on the most cost effective Alternate Means, then either Party may submit the matter for resolution in accordance with Section 6.7(b) of the COPOA. The Third Party Referee appointed under the COPOA shall determine the cost effectiveness of the Alternate Means options based on the principle that BC Hydro's Share of Actual Generation is to be available at the point specified in Section 4.1(a) on a firm (first priority) basis prior to the earlier of the Waneta End Date and January 1, 2036, while taking into account the frequency, duration and magnitude of the limitations.

4.11 Greater Certainty (Until January 1, 2036)

For greater certainty:

- (a) the provisions of Sections 4.8 and 4.9 shall not apply to any transmission outage, constraint or limitation except only the defined KI Delivery Limitations, and Teck shall be 100% responsible for any other failure to make BC Hydro's Share of Actual Generation available at the point specified in Section 4.1(a), which shall be dealt with in accordance with Section 23.2 of the COPOA; and
- (b) prior to implementing Alternate Means, any reduction of Teck's Entitlement Capacity and Teck's Entitlement Energy under Section 3.3(c) of the CPA shall be limited to Teck's Participation Percentage of the reduction, as provided for in Section 14.6(d) of the COPOA.

5. TRANSMISSION FROM AND AFTER 2036**5.1 Availability at the Kootenay Interconnection (from and after January 1, 2036)**

Subject to Sections 5.3 and 5.5, from and after January 1, 2036 and until the Waneta End Date (provided the Waneta End Date occurs after January 1, 2036), Teck shall make BC Hydro's Share of Actual Generation available at:

- (a) the Kootenay Interconnection, except after a Line 71 Purchase Trigger Date during any period during which the Kootenay Interconnection does not include the point of interconnection between Line 71 and the Waneta Hydro Station, in which case at the point of interconnection between Line 71 and the Waneta Hydro Station; or
- (b) at BC Hydro's option from time to time, at the Waneta Plant; or
- (c) at BC Hydro's option from time to time, and to the extent Teck has unused transmission capacity between the Waneta Plant and the Emerald Switching Station, at the point of interconnection between the Teck Transmission Assets and the FortisBC system at the Emerald Switching Station,

in the case of 5.1(a) and 5.1(b) on a firm (subject to liquidated damages under Section 23.2 of the COPOA) and first priority (in priority to any other Teck or third party use) basis, and in all cases without charge to BC Hydro (other than pursuant to Sections 8.1 and 8.2); provided that the portion of BC Hydro's Share of Actual Generation referred to in Sections 13.2(c) and 13.2(d) of the COPOA shall be made available at the Waneta Expansion unless Teck is able to make it available at the Kootenay Interconnection (or other agreed point of interconnection) at no incremental cost to Teck pursuant to one or more agreements entered into by Teck providing for the delivery of Waneta Expansion generation at the Kootenay Interconnection.

5.2 Schedule to the BC/US Boundary (from and after January 1, 2036)

Subject to Sections 5.3 and 5.6, from and after January 1, 2036 and until the Transmission Obligation End Date (provided the Transmission Obligation End Date occurs after January 1, 2036), if the Line 71 Export Scheduling Rights permit, Teck shall, at BC Hydro's option, schedule using the Line 71 Export Scheduling Rights:

- (a) all or any part of BC Hydro's Share of Actual Generation (except that portion of BC Hydro's Share of Actual Generation referred to in Sections 13.2(c) and 13.2(d) of the COPOA unless Teck is able to make it available at the Kootenay Interconnection at no incremental cost to Teck pursuant to one or more agreements entered into by Teck providing for the delivery of Waneta Expansion generation at the Kootenay Interconnection); and
- (b) other electricity made available by BC Hydro at the Kootenay Interconnection,

on a south flowing export energy schedule from the Kootenay Interconnection to the BC/US Boundary, without charge to BC Hydro (other than pursuant to Sections 8.1 and 8.2). Such export energy schedule shall be submitted to the BC Hydro System Operator in priority to any other Teck or third party schedule for delivery to the BC/US Boundary using the Line 71 Export Scheduling Rights.

5.3 Maximum Transmission Capacity (from and after January 1, 2036)

- (a) The maximum amount of transmission capacity that Teck is required to use for purposes of Section 5.1 is:
 - (i) prior to the Transmission Obligation End Date (if after January 1, 2036), BC Hydro's then current Participation Percentage multiplied by the available transmission capacity at that time on Line 71 (for certainty, after taking into account the impacts of maintenance or other planned outages and Force Majeure events affecting Line 71); and
 - (ii) between the Transmission Obligation End Date (if after January 1, 2036) and the Waneta End Date (in the event that the Transmission Obligation End Date is not the Waneta End Date), the number of MW set forth in Table 4 of Section 14.5(c) of the COPOA (as may be amended from time to time pursuant to Section 14.5 of the COPOA) across from the heading "Capacity" in each of the applicable months for the applicable periods set forth in such Table.
- (b) The maximum amount that Teck is required to schedule for purposes of Section 5.2 at any time is the same number, less, except where BC Hydro is carrying the requisite reserves, an amount equivalent to reserve requirements for an equivalent amount of generation determined in a manner consistent with the CPA or a Replacement CPA. Notwithstanding the foregoing, to the extent Teck has obtained before January 1, 2036 incremental transmission capacity or transmission rights for Alternate Means paid for, in part, by BC Hydro, then BC Hydro shall be entitled to a percentage of those additional transmission capacity or rights from such Alternate Means, as and when they are available to Teck, based on the share of the cost it paid for such Alternate Means for purposes of Sections 5.1 and 5.2, as applicable. For certainty, the additional transmission capacity or rights to which BC Hydro shall be entitled is a share of the transmission capacity or rights obtained by Teck from the Alternate Means and does not represent any general right of BC Hydro to additional transmission capacity or rights on any transmission facilities that are not the subject of the Alternate Means.

5.4 Unused Scheduling Rights and Transmission Capacity (from and after January 1, 2036)

- (a) From and after January 1, 2036 and until the Transmission Obligation End Date (provided the Transmission Obligation End Date occurs after January 1, 2036), if

BC Hydro wishes to access any Line 71 Export Scheduling Rights over and above the maximum referred to in Section 5.3 in any hour, BC Hydro may give notice thereof to Teck and Teck shall advise BC Hydro whether it expects to use such rights. The timing of such notice to Teck and response to BC Hydro shall be set out in an operating procedure. If Teck does not intend to use such rights, then Teck shall, with reasonable advance notice, subject to Section 5.6 and if the Line 71 Export Scheduling Rights permit, use such rights to schedule electricity made available by BC Hydro at the Kootenay Interconnection to the BC/US Boundary without charge to BC Hydro (other than pursuant to Sections 8.1 and 8.2).

- (b) From and after January 1, 2036 and until the Waneta End Date (provided the Waneta End Date occurs after January 1, 2036), Teck may use any of the Teck Transmission Rights that are not being used for purposes of Sections 5.1 and, if applicable, 5.2.
- (c) If, from and after January 1, 2036 and prior to the Transmission Obligation End Date (provided the Transmission Obligation End Date occurs after January 1, 2036), a third party presents Teck with a bona fide offer to acquire access to:
 - (i) any of the Teck Transmission Rights associated with Line 71 that are surplus to BC Hydro's Participation Percentage of the capacity of the Waneta Plant, for a period of 2 years or more; or
 - (ii) any of the Teck Transmission Rights associated with Line 71 that are not surplus to BC Hydro's Participation Percentage of the capacity of the Waneta Plant but are surplus to BC Hydro's Participation Percentage multiplied by the capacity of Line 71 for a period of 2 months or more (it being acknowledged by Teck that it shall not provide any third party with access to any such surplus Teck Transmission Rights for any period(s) less than 2 months),

then before Teck accepts such offer Teck shall advise BC Hydro thereof and give BC Hydro a reasonable opportunity to match the offer; provided Teck's obligations pursuant to this paragraph (b) shall be limited to the extent that it never need offer BC Hydro more than an amount of transmission capacity on Line 71 for any period equal to BC Hydro's Participation Percentage of the capacity of the Waneta Plant less the capacity equal to BC Hydro's Participation Percentage multiplied by the capacity of Line 71, less any transmission capacity already acquired by BC Hydro for that period pursuant to earlier offers. If BC Hydro does not match such third party offer provided pursuant to this Section 5.4(b), Teck may enter into such transaction with the third party. If Teck enters into any transaction pursuant to this Section 5.4(b) (other than with BC Hydro), Teck shall ensure that the Teck Transmission Rights that are the subject of the transaction are terminable automatically upon the Transmission Obligation End Date.

- (d) From and after January 1, 2036 and until the Transmission Obligation End Date (provided the Transmission Obligation End Date occurs after January 1, 2036),

whenever and so often as exercised, the FortisBC Line 71 Rights shall be considered a Teck use of Line 71 for purposes of Sections 5.4(a) and 5.4(b), provided that the FortisBC Line 71 Rights to use Line 71 to export electricity to the United States of America or to otherwise transmit electricity on Line 71 are subordinate to the rights of BC Hydro under Sections 5.1 and 5.2 (up to a maximum amount of transmission capacity equal to BC Hydro's Participation Percentage multiplied by the maximum capacity of the Waneta Plant at the time).

5.5 Kootenay Interconnection Limitations (from and after January 1, 2036)

Prior to the Waneta End Date (provided the Waneta End Date occurs after January 1, 2036), Teck's obligations to make BC Hydro's Share of Actual Generation available under Section 5.1 are subject to the KI Delivery Limitations.

5.6 BC/US Boundary Limitations (from and after January 1, 2036)

Teck's obligations set forth in Section 5.2 are subject to the following:

- (a) the KI Delivery Limitations;
- (b) the Line 71 Export Scheduling Rights and the BCUC exemption in Order G-34-04 (or in each case, any equivalent successor arrangements) remaining in force or effect; and
- (c) acceptance of the schedule for delivery to the BC/US Boundary, provided that Teck (or its scheduling agent) has met the scheduling requirements of the BC Hydro System Operator;

provided and to the extent that if any of the conditions set forth in this Section 5.6, prevent Teck from scheduling the electricity referred to in Section 5.2(a) to the BC/US Boundary, Section 5.1 shall apply.

5.7 Teck Alternate Means (From and After January 1, 2036)

From and after January 1, 2036 and until the Waneta End Date (provided the Waneta End Date occurs after January 1, 2036), if any of the KI Delivery Limitations limit, or are expected in future to limit, Teck's ability to make BC Hydro's Share of Actual Generation available at the point specified in Section 5.1(a) at any time, or from time to time, then Teck shall use commercially reasonable efforts to perform by Alternate Means; provided it is able to do so at no incremental cost as compared to making BC Hydro's Share of Actual Generation available at the point specified in Section 5.1(a) when no KI Delivery Limitation exists. For greater certainty, any costs already incurred by Teck pursuant to Section 4.9 shall not constitute incremental costs.

5.8 Teck and BC Hydro Alternate Means (From and After January 1, 2036)

From and after January 1, 2036 and until the Waneta End Date (provided the Waneta End Date occurs after January 1, 2036), if Teck is not able to perform by Alternate Means at

no incremental cost, then Teck shall in good faith work and cooperate with BC Hydro to determine the most cost effective Alternate Means and if BC Hydro accepts such Alternate Means (in its sole discretion), then provided that such Alternate Means can be more conveniently or more cost effectively carried out by Teck than BC Hydro, Teck shall perform by such Alternate Means and BC Hydro shall bear 100% of the costs (whether capital, operating, wheeling, losses or other costs) of Teck performing by way of the Alternate Means.

6. UPGRADES TO TECK TRANSMISSION ASSETS

6.1 Upgrades to Teck Transmission Assets

At any time prior to the Waneta End Date, BC Hydro may propose an upgrade to any of the Teck Transmission Assets then owned by Teck, or, if Teck requires an upgrade of the Teck Transmission Assets in order to evacuate power surplus to the needs of the Industrial Operations, to supply power to the Industrial Operations, or when Teck would have inadequate transmission to meet its CPA or CPA Subagreement obligations, Teck may propose such an upgrade to any of the Teck Transmission Assets (each, a “**Transmission Upgrade**”). The Parties will meet to discuss and agree on mutually acceptable arrangements for completion of a proposed Transmission Upgrade, including responsibility for completion of the Transmission Upgrade and allocation of the costs of the Transmission Upgrade and use of any resulting increase in capacity, and any such Transmission Upgrade will form part of the Teck Transmission Assets. If Teck has proposed a Transmission Upgrade, but the Parties are unable to agree on such mutually acceptable arrangements, Teck may nevertheless proceed with the Transmission Upgrade provided it does not diminish or alter BC Hydro’s rights hereunder unless BC Hydro has been adequately compensated therefor.

7. OPERATING COMMITTEE

7.1 Operating Committee

The Operating Committee established pursuant to the COPOA from time to time shall constitute the initial Operating Committee for the purposes of this Agreement. At either Party’s request, the Parties will form a separate committee on mutually agreeable terms for the purposes of carrying out the obligations of the Operating Committee as specified under this Agreement.

7.2 Transmission Operating Procedures

The Operating Committee shall in a timely manner develop and approve operating procedures (“**Transmission Operating Procedures**”) related to the Teck Transmission Assets, the imbalance service provided for in Section 15.1, and the backup service as provided for in Section 15.4, setting forth additional details on scheduling practices and other operational issues as may be reasonably required to implement this Agreement. Each Transmission Operating Procedure developed by the Operating Committee in accordance with this Agreement, shall be binding on the Parties (including a Party that is

the Operator under the COPOA), each of which shall take all reasonable steps to implement the operating procedures.

7.3 Transmission Operating Procedures as at Effective Date

The Parties acknowledge and agree that the following Transmission Operating Procedures, which were developed and agreed to pursuant to the COA, are the Transmission Operating Procedures as at the Effective Date:

- (a) Operating Procedure - Scheduling using Line 71 Scheduling Rights Prior to 2036, which shall cease to have effect on the earlier of the Transmission Obligation End Date and January 1, 2036; and
- (b) Operating Procedure - Liquidated Damages Tracking, Notice, and Invoicing (only to the extent that such Transmission Operating Procedure applies to a failure by Teck to make available BC Hydro's Share of Actual Generation), which shall cease to have effect on the Waneta End Date.

7.4 Amendment, Termination or Replacement of Transmission Operating Procedures

The Operating Committee may, from time to time, amend, terminate or replace Transmission Operating Procedures. The Operating Committee shall amend, terminate or replace Transmission Operating Procedures prior to the Waneta End Date as may reasonably be required to implement this Agreement. Without limiting the foregoing, the Parties acknowledge and agree that, the then existing Transmission Operating Procedures will require amendment, termination and/or replacement on the Transmission Obligation End Date, on the Waneta End Date (if later than the Transmission Obligation End Date) and if BC Hydro becomes the Operator (as defined in the COPOA), and the Operating Committee shall endeavour, acting reasonably, to develop any such amendments and/or replacements and agree on any such terminations in advance so that they may be implemented concurrently with the relevant event.

8. TRANSMISSION LOSSES AND OPERATING COSTS/ COVENANTS

8.1 Transmission Losses

- (a) Until the earlier of the Waneta End Date and January 1, 2036, Teck shall be responsible for all transmission losses associated with making BC Hydro's Share of Actual Generation available at the point specified in Section 4.1(a) in accordance with Section 4.1 and, if applicable, scheduling amounts to the BC/US Boundary in accordance with Section 4.2.
- (b) Subject to Section 13.2, from and after January 1, 2036 and until the Waneta End Date (provided the Waneta End Date occurs after January 1, 2036), BC Hydro shall be responsible for transmission losses on the Teck Transmission Assets associated with delivery and, if applicable, scheduling of BC Hydro's Share of Actual Generation, and Teck shall be responsible for all other losses on the Teck Transmission Assets.

8.2 Contribution to Operating Costs

- (a) Until the earlier of the Transmission Obligation End Date and January 1, 2036, Teck shall be solely responsible for and shall pay all costs associated with operating and maintaining the Line 71 Assets, including all sustaining and non-sustaining capital, operating and maintenance costs.
- (b) Until the earlier of the Transmission Obligation End Date and January 1, 2036, Teck shall be responsible for (i) all fees, charges and taxes identified as at the Effective Date related to the Line 71 National Energy Board permits and licences for the Line 71 Assets and/or exports and imports thereon or pursuant to the Line 71 Scheduling Rights, and (ii) all other fees, charges and taxes related to the ownership and usage of the Line 71 Assets, in either case whether payable directly or through the BC Hydro System Operator. However, if future changes to the structure or amount of the fees, charges or taxes referred to in (i) above are material, or material new fees, charges or taxes referred to in (i) above are imposed, in either case that Teck would not be required to pay to the same extent but for BC Hydro's export of energy on the Line 71 Assets or pursuant to the Line 71 Export Scheduling Rights, the Parties shall work together in good faith to allocate any such incremental fees, charges or taxes on an equitable basis between themselves.
- (c) From and after January 1, 2036 and until the Transmission Obligation End Date (provided the Transmission Obligation End Date occurs after January 1, 2036):
 - (i) BC Hydro shall pay to Teck a percentage of sustaining capital, operating and maintenance costs (including insurance and property taxes properly allocated) incurred by Teck in connection with the Line 71 Assets, equal to BC Hydro's Participation Percentage, pursuant to processes equivalent to those established under the COPOA for the Waneta Assets, provided that:
 - A. Teck is continuing to perform its obligations set forth in Section 5, and to the extent it fails to do so BC Hydro's obligation to pay such costs shall be decreased proportionately based on the loss of transmission capacity available to it; and
 - B. if and to the extent that BC Hydro is required to pay any wheeling (or equivalent) charges or tariffs on the transmission of its electricity on the Line 71 Assets, BC Hydro shall be relieved of paying such sustaining capital, operating and maintenance costs, by the amount equal to the amount of such wheeling (or equivalent) charges or tariffs paid by BC Hydro to Teck; and
 - (ii) BC Hydro shall pay to Teck a portion of the fees, charges and taxes relating to the usage of the Line 71 Assets and a portion of the fees, charges and taxes relating to the export of energy on the Line 71 Assets or

pursuant to the Line 71 Export Scheduling Rights (such portion determined based on the proportion of BC Hydro's use for such purposes).

- (d) BC Hydro shall provide to Teck its forecasted and actual export data in respect of its export of energy on the Line 71 Assets or pursuant to the Line 71 Export Scheduling Rights as may be requested by Teck from time to time to comply with Applicable Laws.
- (e) From and after January 1, 2036 and until the Transmission Obligation End Date (provided the Transmission Obligation End Date occurs after January 1, 2036), notwithstanding Section 8.2(c)(i)A, if any of the KI Delivery Limitations limit Teck's ability to make BC Hydro's Share of Actual Generation available at the point specified in Section 5.1(a) and despite Teck's commercially reasonable efforts, it is unable to perform by Alternate Means at no incremental cost to Teck, as described in Section 5.7 (each such event referred to as a "**KI Delivery Limitation Outage**"), BC Hydro shall not be obligated to pay its portion of the annual sustaining capital, operating and maintenance costs (including insurance and property taxes) incurred by Teck in connection with the Line 71 Assets for the calendar year in which such KI Delivery Limitation Outage occurs, determined for each day of the KI Delivery Limitation Outage as follows:

$$\frac{\text{Annual Costs (\$)}}{365} \times \frac{\text{(Transmission Capacity Outage (MW))}}{\text{(Transmission Capacity (MW))}} \times \text{BC Hydro's Participation Percentage}$$

Where:

"**Annual Costs**" means the sustaining capital, operating and maintenance costs (including insurance and property taxes) incurred by Teck in connection with the Line 71 Assets for that year (in \$);

"**Transmission Capacity**" means the transmission capacity of Line 71 immediately prior to the KI Delivery Limitation Outage (in MW); and

"**Transmission Capacity Outage**" means the reduction in transmission capacity of Line 71 from the KI Delivery Limitation Outage (in MW).

- (f) From and after January 1, 2036 and until the Transmission Obligation End Date (provided the Transmission Obligation End Date occurs after January 1, 2036), Teck shall provide to the Operating Committee forecasts and budgets for operations and maintenance costs and sustaining capital costs for the Line 71 Assets. Such forecasts and budgets shall be provided to and managed by the Operating Committee pursuant to processes equivalent to those established for the Waneta Assets.

8.3 Covenants re Teck Transmission Rights

- (a) Until the Waneta End Date, Teck shall enforce the Teck Transmission Rights, including against claims by third parties that would diminish Teck's ability to make use of such rights for BC Hydro's benefit as required hereby. BC Hydro shall not take any action intended to diminish Teck's rights associated with Line 71, including the Line 71 Scheduling Rights. If and to the extent that BC Hydro's intentional actions materially impair Teck's rights associated with Line 71 (except in response to a breach or default by Teck) so as to diminish Teck's ability to make use of such rights for BC Hydro's benefit as required hereby, then Teck's obligations shall be reduced accordingly, only for so long as the impairment continues.
- (b) Until the Transmission Obligation End Date, Teck shall use commercially reasonable efforts to maintain the interconnection between Line 71 and the Bonneville Power Administration system, including an appropriate interconnection agreement with BPA if required, to the extent necessary to maintain the Line 71 Scheduling Rights.
- (c) Without limiting the generality of Section 3.1, until the Transmission Obligation End Date, Teck shall not at any time take or fail to take any action (within its reasonable control) that would diminish the Line 71 Scheduling Rights required to make BC Hydro's Share of Actual Generation available at the BC/US Boundary under this Agreement, in either case without the prior written consent of BC Hydro, not to be unreasonably withheld.
- (d) Until the Transmission Obligation End Date, if the Line 71 Agreement terminates or expires, but Teck continues to have rights to schedule electricity to the BC/US Boundary on or as a result of Line 71, Teck shall make use of those rights in a manner consistent with the intent of the foregoing.
- (e) If at any time (either on or before or after January 1, 2036) before the Waneta End Date, the Kootenay Interconnection as defined as at the Effective Date ceases to be a scheduling point on the BC Hydro System, then for the purposes of this Agreement and until the Waneta End Date, the Kootenay Interconnection will be:
 - (i) the point of interconnection between Line 71 and the BC Hydro System at the Nelway Substation, unless there is a Line 71 Purchase Trigger Date, upon and following which event, the Kootenay Interconnection will be the point of interconnection between Line 71 and the Waneta Hydro Station; and
 - (ii) any other points of interconnection between the Entitlement Parties' System and the BC Hydro System at which Teck is able to make BC Hydro's Share of Actual Generation available.
- (f) In the event the scheduling practices for the transmission of electricity between British Columbia and the United States of America or across the BC/US

Boundary change to incorporate geographic divisions, zones or paths, then Teck's obligations to schedule electricity to the BC/US Boundary, if applicable, shall be limited to the geographic division, zone or path of which Line 71 is a part.

- (g) Teck shall, until the Transmission Purchase Closing (or, if earlier, the Line 71 Purchase Closing), obtain and maintain such comprehensive insurance coverage over the Line 71 Assets (insured with reputable insurers) as a reasonably prudent owner would obtain and maintain in the circumstances in accordance with Good Utility Practice (which current standard the Parties acknowledge is met by the insurance currently maintained by Teck).

9. REGULATORY SUPPORT

9.1 Interconnection between Line 71 and BPA System

BC Hydro shall support Teck's efforts prior to the Transmission Purchase Closing (or, if earlier, the Line 71 Purchase Closing) to maintain the interconnection between Line 71 and the Bonneville Power Administration ("BPA") system (for example, by way of discussions with BPA or letters of support), provided that nothing shall require BC Hydro to intervene in BPA regulatory processes.

10. BC HYDRO PURCHASE OF TECK TRANSMISSION ASSETS

10.1 End of Lease Term—Purchase and Sale of Teck Transmission Assets

Upon or after the Waneta End Date, Teck shall sell to BC Hydro, and BC Hydro shall purchase from Teck, the Teck Transmission Assets for the Transmission Purchase Price on the terms set out in this Section 10. The Parties will endeavour to amend the Kootenay Interconnection under the CPA to include the point of interconnection between Emerald Switching Station and Line 62 as of the Waneta End Date, and for greater certainty the Kootenay Interconnection will not include any point of interconnection with the Industrial Operations. From and after the Waneta End Date, the Line 71 Scheduling Rights will be suspended pending the Transmission Purchase Closing.

10.2 Teck Transmission Assets Purchase Closing

The Transmission Purchase Closing shall occur at 10:00am on the Waneta End Date or on such later date as all of the conditions precedent to completing the sale and purchase of the Teck Transmission Assets have been satisfied or waived. If the Waneta End Date is the date of the natural expiry of the Lease Term (including following any extension of the Lease Term in accordance with the terms of the Lease), the Parties shall use all commercially reasonable efforts to ensure that the Transmission Purchase Closing occurs on the Waneta End Date.

10.3 Election re Certain Teck Transmission Options

Within 30 days following the Waneta End Date, or at least 10 days before the agreed date of the Transmission Purchase Closing, whichever occurs first, BC Hydro may by notice

in writing to Teck elect to purchase any of the capacity and/or asset rights obtained by Teck pursuant to the exercise by Teck (at its option) of Teck Transmission Options for any purpose other than as required to avoid a Plant derate under the CPA, or when Teck would otherwise have had inadequate transmission to meet its CPA or CPA Subagreement obligations, and then owned or held by Teck.

10.4 **Election re Alternate Means**

Within 30 days following the Waneta End Date, or at least 10 days before the agreed date of the Transmission Purchase Closing, whichever occurs first, BC Hydro may by notice in writing to Teck elect to purchase any Alternate Means acquired and then owned or held by Teck. If BC Hydro has paid for some or all Alternate Means acquired by Teck, BC Hydro shall be entitled to the portion of the Alternate Means paid for by it, at no additional cost.

10.5 **Transmission Purchase Price**

The purchase price for the Teck Transmission Assets (the “**Transmission Purchase Price**”) shall be:

- (a) \$20,000,000, plus
- (b) if Teck has exercised any Teck Transmission Option, either at BC Hydro’s request or on its own in order to avoid a Plant derate under the CPA, or when Teck would otherwise have inadequate transmission to meet its CPA or CPA Subagreement obligations, and the capacity and/or asset rights obtained by Teck pursuant to the exercise of such Teck Transmission Option has formed part of the Teck Transmission Assets, the amount paid by Teck in exercising the Teck Transmission Option, adjusted in accordance with Section 10.6, except to the extent that BC Hydro has already paid such costs of exercise of the Teck Transmission Option, plus
- (c) if BC Hydro elects under Section 10.3 to purchase any capacity and/or assets rights obtained by Teck pursuant to the exercise of any Teck Transmission Option as described in that Section, the amount paid by Teck in exercising the applicable Teck Transmission Option(s), adjusted in accordance with Section 10.6, except to the extent BC Hydro has already paid the costs of exercise of the Teck Transmission Option, plus
- (d) if BC Hydro elects to purchase Alternate Means acquired by Teck, the cost incurred by Teck to acquire Alternate Means (for greater certainty, excluding any costs incurred by BC Hydro in connection with acquiring Alternate Means), adjusted in accordance with Section 10.6, less
- (e) if BC Hydro has previously purchased the Line 71 Assets pursuant to Section 11.1, the Line 71 Assets Purchase Price, less

- (f) if the Waneta End Date has arisen as a result of the early termination of the Lease, and the material breach by Teck giving rise to the earlier termination of the Lease was due to:
- (i) a wilful default by Teck; or
 - (ii) Teck or any receiver in respect of Teck disclaiming or otherwise terminating the Lease,

in either case with the intention, in whole or in part, of securing a cheaper source of power (a “**Material Lease Termination Event**”), the amount of any losses suffered by BC Hydro as a result of such material breach of Teck’s obligations (but only to the extent BC Hydro has not yet otherwise recovered such amounts), less

- (g) if Teck has failed to maintain the Teck Transmission Assets to the standard that would be required to be able to operate on an ongoing basis the Teck Transmission Assets to the standard required by the Wheeling Agreement, the amount of any costs reasonably required to repair or upgrade the Teck Transmission Assets following the Closing Date to the standard required by the Wheeling Agreement as agreed to between the Parties.

10.6 Adjustments to Transmission Purchase Price

The amounts included in the Transmission Purchase Price pursuant to Section 10.5(b), Section 10.5(c) and Section 10.5(d) will be the costs incurred by Teck, adjusted on the following basis:

- (a) the costs incurred in each case shall be escalated to reflect changes in the Consumer Price Index between the date that the costs were incurred and the Transmission Purchase Closing;
- (b) the costs incurred under Section 10.5(b) and, if applicable, Section 10.5(c), as escalated pursuant to Section 10.6(a), shall be discounted to reflect the expected useful life of the capacity and/or asset rights obtained after the Transmission Purchase Closing as compared to the period of use by Teck before the Transmission Purchase Closing, or if the capacity and/or asset rights obtained have no determinable useful life then the relative value of the capacity and/or asset rights obtained, both before and after the Transmission Purchase Closing, to Teck and BC Hydro; and
- (c) the costs incurred under Section 10.5(d), as escalated pursuant to Section 10.6(a), shall be discounted to reflect the expected useful life of the Alternate Means after the Transmission Purchase Closing as compared to the period of use before the Transmission Purchase Closing, or if the Alternate Means has no determinable useful life then the relative value of the Alternate Means, both before and after the Transmission Purchase Closing, to Teck and BC Hydro.

As soon as reasonably practicable following the Waneta End Date, Teck will provide BC Hydro with a commercially reasonable estimate of, and the Parties will endeavour to agree on, the amounts to be included in the Transmission Purchase Price pursuant to Sections 10.5(b), 10.5(c) and 10.5(d), including in each case the actual costs incurred by Teck (less any amounts previously paid by BC Hydro), Teck's use of the relevant assets prior to the Waneta End Date, and the expected useful life of the capacity and/or asset rights obtained or the Alternate Means, as applicable, after the Transmission Purchase Closing, or the relative value of the capacity and/or asset rights obtained or Alternate Means, in each case both before and after the Transmission Purchase Closing, to Teck and BC Hydro, as applicable.

10.7 Early Termination of Lease Term due to Material Default

If the Waneta End Date has occurred as a result of a Material Lease Termination Event, BC Hydro shall thereafter have no obligation to provide any further services contemplated by this Agreement to Teck.

10.8 Registration of Purchase Right

With respect to any Teck Transmission Assets acquired by Teck after the Effective Date, at BC Hydro's request and cost, Teck shall take all required steps requested by BC Hydro and provide all documentation that may be reasonably requested by BC Hydro to ensure that BC Hydro can make any registrations where required to preserve the priority of BC Hydro's purchase rights as against Teck or any Person claiming through Teck, or any third party, including any trustee, or receiver in respect of Teck. Teck shall not take any steps to alter or prejudice any registration of BC Hydro's rights to purchase the Teck Transmission Assets under this Agreement, and will, upon BC Hydro's request and at BC Hydro's cost, take all reasonable steps required to assist BC Hydro in preserving any such registrations.

10.9 Closing Matters

In connection with the closing of the purchase and sale of the Teck Transmission Assets:

- (a) Teck shall obtain all material consents required from third parties (including approval from the National Energy Board for assignment of the Certificate of Public Convenience and Necessity issued by the National Energy Board for Line 71) that have not previously been obtained;
- (b) Teck shall deliver all agreements and documents required to transfer the Teck Transmission Assets to BC Hydro;
- (c) Teck shall grant an easement in favour of BC Hydro over the real property associated with Emerald Switching Station;
- (d) BC Hydro will assume Teck's obligations arising from and after the Transmission Purchase Closing under the Transmission Assumed Contracts that are then in effect;

- (e) Teck shall provide:
 - (i) representations and warranties to BC Hydro in respect of the Teck Transmission Assets equivalent to the representations and warranties given in respect of the “Transmission Assets” in the Waneta Purchase Agreement dated May 11, 2017 between Teck Resources Limited, TCAI Incorporated and Waneta Power Limited Partnership (which for greater certainty will include all such representations and warranties in respect of Emerald Switching Station notwithstanding that Emerald Switching Station was not part of such “Transmission Assets”), subject to: (A) equivalent limitations; (B) exclusions for equivalent disclosures, and additional disclosures identified since May 11, 2017, provided they do not amount to a Material Adverse Change; and (C) adjustments for changes to the Teck Transmission Assets and Transmission Assumed Contracts permitted in compliance with the Transmission-Related Agreements;
 - (ii) the related indemnities and limitations set out in Schedule C; and
 - (iii) an indemnity to BC Hydro for pre-existing environmental liability associated with Emerald Switching Station;
- (f) the terms of the Waneta Interconnection Agreement between Teck and BC Hydro dated as of the Effective Date, including to provide for the relocation upon the Transmission Purchase Closing of the point of interconnection between the Parties to the point of interconnection between Emerald Switching Station and the Industrial Operations, will remain in full force and effect;
- (g) the point of interconnection between Emerald Switching Station and the Industrial Operations will not form part of the Kootenay Interconnection; and
- (h) subject to Section 16.1, the Wheeling Agreement shall be in full force and effect (unless terminated in accordance with its own terms).

11. BC HYDRO PURCHASE OF LINE 71 ASSETS

11.1 Teck Default—BC Hydro Option to Purchase the Line 71 Assets

In addition to any other rights or remedies that may be available to BC Hydro under this Agreement or any other agreement between the Parties, if:

- (a) Teck has materially breached its obligations to deliver BC Hydro’s Share of Actual Generation in accordance with Sections 4, 5 or 8, and has not paid liquidated damages in respect thereof pursuant to Section 23.2 of the COPOA; or
- (b) Teck has materially breached its obligations to deliver BC Hydro’s Share of Actual Generation in accordance with Sections 4, 5 or 8 continually notwithstanding that Teck has paid to BC Hydro the liquidated damages

contemplated by Section 23.2(a) of the COPOA, where for purposes of this Section 11.1(b):

- (i) “continually” shall mean that the cumulative impact of Teck’s failure to deliver BC Hydro’s Share of Actual Generation in accordance with Sections 4, 5 or 8, together with the occurrence of any of the other events described in Section 23.2(a) of the COPOA, but excluding failure to deliver BC Hydro’s Share of Actual Generation in accordance with Sections 4, 5 or 8 resulting from a Force Majeure where Teck cured such failure within 10 days of the end of the Force Majeure, would: (i) deprive BC Hydro of 10% of its annual Entitlement Energy reduction, or (ii) deprive BC Hydro of any of its expected Entitlement Capacity reduction during On-Peak hours on more than 10% of the days during any rolling 12 month period (in either case excluding such events in respect of which liquidated damages are payable under Section 23.2 of the COPOA at 100% of Replacement Price); and
- (ii) capitalized terms used in this Section 11.1(b) and not defined in this Agreement, but defined in the COPOA, will have the meanings given to them in the COPOA,

BC Hydro may notify Teck that it elects to purchase the Line 71 Assets (the date of such notice being the “**Line 71 Purchase Trigger Date**”), and, if so elected, BC Hydro will purchase, and Teck will sell, the Line 71 Assets for the Line 71 Assets Purchase Price on the terms set out in this Section 11. In any notice of election pursuant to this Section 11.1, BC Hydro may designate the portion of any Alternate Means then held by Teck required for the delivery of BC Hydro’s Share of Actual Generation to the BC Hydro System to be included in the Line 71 Assets to be purchased.

From and after the Line 71 Trigger Date, the Line 71 Scheduling Rights will be suspended pending the Line 71 Purchase Closing. For greater certainty, in the event that the breach of Teck’s obligations under this Section 11.1 coincides with a breach resulting in a concurrent termination of the Lease, the provisions of Section 10 rather than this Section 11 will apply to the Line 71 Assets, as part of the Teck Transmission Assets, notwithstanding that a Line 71 Purchase Trigger Date has also occurred.

11.2 **Line 71 Purchase Closing**

The Line 71 Purchase Closing shall occur at 10:00am on the Line 71 Purchase Trigger Date or on such later date on which all of the conditions precedent to completing the sale and purchase of the Line 71 Assets have been satisfied or waived.

11.3 **Line 71 Assets Purchase Price**

If BC Hydro elects to purchase the Line 71 Assets as provided in Section 11.1, the purchase price for the Line 71 Assets (the “**Line 71 Assets Purchase Price**”) shall be:

- (a) \$11,000,000, plus

- (b) if BC Hydro has designated any Alternate Means acquired by Teck to be included in the Line 71 Assets, the cost incurred by Teck to acquire that Alternate Means (for greater certainty, excluding any costs incurred by BC Hydro in connection with acquiring that Alternate Means), adjusted in accordance with Section 11.4, less
- (c) the amount of any losses suffered by BC Hydro as a result of Teck's material breach of its obligations under this Agreement (but only to the extent that BC Hydro has not yet otherwise recovered such amount), less
- (d) if Teck has failed to maintain the Line 71 Assets to the standard that would be required to be able to operate on an ongoing basis the Line 71 Assets to the standard required by the Wheeling Agreement, the amount of any costs reasonably required to repair or upgrade the Line 71 Assets following the Line 71 Purchase Closing to the standard required by the Wheeling Agreement as agreed to between the Parties.

11.4 Adjustments to Line 71 Assets Purchase Price

The amounts included in the Line 71 Assets Purchase Price pursuant to Section 11.3(b) will be the costs incurred by Teck, adjusted on the following basis:

- (a) the costs incurred shall be escalated to reflect changes in the Consumer Price Index between the date that the costs were incurred and the Line 71 Purchase Closing; and
- (b) the costs incurred under Section 11.3(b), as escalated pursuant to Section 11.4(a), shall be discounted to reflect the expected useful life of the Alternate Means after the Line 71 Purchase Closing as compared to the period of use by Teck before the Line 71 Purchase Closing, or if the Alternate Means has no determinable useful life then the relative value of the Alternate Means, both before and after the Transmission Purchase Closing, to Teck and BC Hydro.

As soon as reasonably practicable following the Line 71 Purchase Trigger Date, Teck will provide BC Hydro with a commercially reasonable estimate of, and the Parties will endeavour to agree on, the amounts to be included in the Purchase Price pursuant to Section 11.3(b), including the actual costs incurred by Teck (less any amounts previously paid by BC Hydro), Teck's use of the Alternate Means prior to the Line 71 Purchase Trigger Date, and the expected useful life of the Alternate Means after the Line 71 Purchase Closing, or the relative value, both before and after the Transmission Purchase Closing, of the Alternate Means to Teck and BC Hydro, as applicable.

11.5 Line 71 Assets Purchase as a Result of Teck Default – Damages Claim

- (a) If BC Hydro has an unsatisfied claim for damages resulting from any losses suffered by BC Hydro as a result of an event resulting in a Line 71 Purchase Closing under this Agreement, after taking into account any reductions in the purchase price for the Line 71 Assets permitted under this Agreement as a result

(which for this purpose includes the gross amount of any claim compromised through insolvency proceedings), Teck shall pay the amounts specified under the Wheeling Agreement until such claim is satisfied as set out in the Wheeling Agreement.

- (b) If payments under Section 11.5(a) would be insufficient (as determined by BC Hydro acting reasonably) to pay any unsatisfied claim for damages within 2 years of the Line 71 Purchase Closing, BC Hydro thereafter will have no obligation to provide to Teck any further services contemplated by this Agreement.

11.6 Registration of Purchase Right

With respect to any Line 71 Assets acquired by Teck after the Effective Date, at BC Hydro's request and cost, Teck shall take all required steps requested by BC Hydro and provide all documentation that may be reasonably requested by BC Hydro to ensure that BC Hydro can make any registrations where required to preserve the priority of BC Hydro's purchase rights as against Teck or any Person claiming through Teck, or any third party, including any trustee, or receiver in respect of Teck. Teck shall not take any steps to alter or prejudice any registration of BC Hydro's rights to purchase the Line 71 Assets under this Agreement, and will, upon BC Hydro's request and at BC Hydro's cost, take all reasonable steps required to assist BC Hydro in preserving any such registrations.

11.7 Closing Matters

In connection with the closing of the purchase and sale of the Line 71 Assets:

- (a) Teck shall obtain all material consents required from third parties (including approval from the National Energy Board for assignment of the Certificate of Public Convenience and Necessity issued by the National Energy Board for Line 71) that have not previously been obtained;
- (b) Teck shall deliver all agreements and documents required to transfer the Line 71 Assets to BC Hydro;
- (c) the Parties will terminate the Line 71 Agreement and the Nelway Arrangements;
- (d) BC Hydro will assume Teck's obligations arising from and after the Line 71 Purchase Closing under the Line 71 Assumed Contracts that are then in effect;
- (e) Teck shall provide:
 - (i) representations and warranties to BC Hydro in respect of the Line 71 Assets equivalent to the representations and warranties given in respect of those assets in the Waneta Purchase Agreement dated May 11, 2017 between Teck Resources Limited, TCAI Incorporated and Waneta Power Limited Partnership, subject to: (A) equivalent limitations; (B) exclusions for equivalent disclosures, and additional disclosures identified since May 11, 2017, provided they do not amount to a Material Adverse Change; and

(C) adjustments for changes to the Line 71 Assets and Line 71 Assumed Contracts permitted in compliance with the Transmission-Related Agreements; and

- (ii) the related indemnities and limitations set out in Schedule C;
- (f) the terms of the Interconnection Agreement between Teck and BC Hydro dated for reference April 5, 2004, as amended, including to provide for the relocation upon the Line 71 Purchase Closing of the point of interconnection between the Parties at the Nelway Substation to the point of interconnection between Line 71 and the Teck-owned Waneta Hydro Station, will remain in full force and effect;
- (g) the terms of the Waneta Interconnection Agreement between Teck and BC Hydro dated as of the Effective Date will remain in full force and effect;
- (h) the definition of the Kootenay Interconnection under the CPA will be amended upon the Line 71 Purchase Closing to include the point of interconnection between Line 71 and the Waneta Hydro Station and to remove any point of interconnection at Nelway Substation; and
- (i) subject to Section 16.1, the Wheeling Agreement shall be in full force and effect (unless terminated in accordance with its own terms).

12. TRANSFER TAXES

12.1 Transfer Taxes

BC Hydro shall pay all Transfer Taxes arising out of or in connection with its purchase of the Teck Transmission Assets, including any interest and penalties thereon resulting from the non-payment by BC Hydro of such Transfer Taxes, provided that, for greater certainty, BC Hydro shall not be responsible for or required to pay any capital gains Tax, income Tax, profits Tax, gross receipts Tax, real property gains Tax, payroll Tax, employment Tax, windfall profits Tax, withholding Tax, social security Tax, property Tax, unemployment Tax, alternative or add on minimum Tax or similar Tax incurred by, assessed upon or otherwise sustained by Teck in connection with the sale of the Teck Transmission Assets to BC Hydro.

13. INTERIM PERIOD

13.1 Length of Interim Period

Teck and BC Hydro shall cooperate in good faith to eliminate, or minimize to the greatest extent reasonably possible, any period of time between:

- (a) the Line 71 Purchase Trigger Date and the Line 71 Purchase Closing (if any); and
- (b) the Waneta End Date and the Transmission Purchase Closing,

(each such period of time being an “**Interim Period**”).

13.2 **Interim Period Actions**

During an Interim Period:

- (a) Teck shall hold and operate the Line 71 Assets or Teck Transmission Assets, as applicable, as directed by and for the benefit and use of BC Hydro, and BC Hydro shall be responsible for all transmission losses, capital expenditures, operating and maintenance costs, export fees, charges and taxes associated with the Line 71 Assets or Teck Transmission Assets, as applicable, subject to:
 - (i) BC Hydro making available to Teck wheeling services in accordance with the Wheeling Agreement (subject to Section 16.2, as may be applicable, and unless the Wheeling Agreement has been terminated in accordance with its own terms); and
 - (ii) BC Hydro’s right to recover costs and transmission losses from Teck in respect of the wheeling services provided under the Wheeling Agreement;
- (b) BC Hydro shall direct Teck to hold and operate the Line 71 Assets or Teck Transmission Assets, as applicable, as would a prudent owner acting in accordance with Applicable Laws, the permits, licences and other authorizations from, or with, any governmental authority required to own, operate and maintain the Line 71 Assets or Teck Transmission Assets, as applicable, and Good Utility Practice, and in compliance with applicable contracts to which Teck is bound, on the basis that, collectively, the Line 71 Assets or Teck Transmission Assets, as applicable, are required to supply a large industrial customer and for which no system redundancies or alternate supply options exist (except to the extent alternate transmission paths are available under the CPA Subagreement or other transmission facility sharing arrangements), and on the basis that the Teck Transmission Assets will be maintained and sustained as a whole (but not necessarily any individual component) indefinitely, including to provide service as set out in and when required under the Wheeling Agreement. Recognizing that there is a range of standards or practices included within Good Utility Practice, the applicable standard or practice shall be the one most consistent with the practice prior to the Effective Date;
- (c) Teck shall enforce the Teck Transmission Rights, including against claims by third parties that would diminish Teck’s ability to hold and operate such rights as directed by and for the benefit of BC Hydro as required hereby;
- (d) until BC Hydro has purchased the Line 71 Assets, Teck shall use commercially reasonable efforts to maintain the interconnection between Line 71 and the Bonneville Power Administration system, including an appropriate interconnection agreement with BPA if required; and

- (e) BC Hydro and Teck shall cooperate in good faith and use commercially reasonable efforts to ensure their other respective transmission needs are satisfied, and the interests of BC Hydro and the other Entitlement Parties to the CPA are met in respect of coordination transfers as required under the CPA.

14. **LIENS AND SECURITY**

14.1 **No Liens**

BC Hydro covenants and agrees that BC Hydro will not create or assume, and during the Wheeling Term will not permit to exist, any Lien on the Wheeling Facilities, except Permitted Encumbrances. Teck may advise BC Hydro if it becomes aware of, and BC Hydro will promptly advise Teck if BC Hydro becomes aware of, any Lien on the Wheeling Facilities in contravention of the foregoing, and in either case, BC Hydro will take all reasonable steps to ensure that the Lien is removed within 45 days of learning of the Lien.

14.2 **Security Election**

In connection with the Wheeling Agreement, BC Hydro covenants and agrees that if, during the Wheeling Term, the Wheeling Service under the Wheeling Agreement ceases being provided as a tariff service by a public utility, Teck may, at its election at any time following the date on which Teck learns of such cessation and until the end of the Wheeling Term (the “**Security Election**”) require BC Hydro to execute and deliver to Teck the BC Hydro Security Documents, with effect from the date of such cessation or as soon as reasonably practicable thereafter. BC Hydro shall provide Teck with reasonable advance notice of any cessation in the provision of the Wheeling Service as a tariff service by a public utility.

14.3 **Security Election and Delivery of Security Documents**

- (a) Teck may make the Security Election by giving written notice to BC Hydro.
- (b) As soon as reasonably practicable after its receipt of a notice given under Section 14.3(a), but in any event within 30 days of BC Hydro’s receipt of the notice, the Parties shall agree on the nature and forms of the BC Hydro Security Documents, and BC Hydro shall execute and deliver to Teck the BC Hydro Security Documents.
- (c) BC Hydro shall ensure that the BC Hydro Security Documents shall at all times constitute first priority security over the Wheeling Facilities, subject only to Permitted Encumbrances.
- (d) BC Hydro shall, forthwith at the request of Teck and at Teck’s cost, execute all such documents and do all such things as may be reasonably required to give effect to, perfect or maintain the security of the BC Hydro Security Documents granted by it or to extend such security to any future property forming part of the Wheeling Facilities charged or intended to be charged thereby.

15. IMBALANCE SERVICES, SCHEDULED TRANSFERS OF ENERGY FROM FORTISBC SYSTEM TO EMERALD SWITCHING STATION AND BACKUP SERVICE**15.1 Imbalance Services**

In connection with the Wheeling Agreement, and until the Service Termination Date, BC Hydro will, if requested by Teck after the Waneta End Date, supply Teck with an imbalance service, at tariff rates established pursuant to Section 15.2, to meet the following requirements:

- (a) the imbalance service shall allow for variations within the hour in the load at the Industrial Operations, as compared to Teck's import schedules for the hour, within a reasonable band to be agreed by the Parties that is consistent with normal operations and on the assumption that Teck will only schedule imports to match its actual, expected load at the Industrial Operations; for greater certainty, notwithstanding the agreement on such a band, there should be no pattern of imbalance (whether within or outside of the agreed band) that aligns with increases or decreases in market prices of energy; and
- (b) the imbalance service shall provide for continued service to the Industrial Operations in the event that a Teck import schedule fails or, for some other reason, an import of energy by Teck is greater or less than the load requirements of the Industrial Operations in an amount outside of the band agreed in Section 15.1(a), in each case other than a result of the Wheeling Facilities being out of service (which for greater certainty would be addressed by the backup service contemplated by Section 15.4). Teck shall make all reasonable efforts to reduce or eliminate any imbalance outside of the band as quickly as possible, including efforts to find replacement supply from other providers and, failing which, efforts to curtail all non-essential load at the Industrial Operations, provided Teck shall not be required to curtail load in any hour before the first hour following such imbalance for which a schedule may still reasonably be submitted at the time of such imbalance (which Teck acknowledges might impact the cost of the imbalance service). Teck shall not plan to use this imbalance service for a replacement of third-party supply of energy to meet the load requirements of the Industrial Operations, and imbalance outside of the band agreed in Section 15.1(a) should only occur as a result of a forced outage or another unexpected event.

15.2 Imbalance Service Rates

If a tariff for either or both of the imbalance services described in Section 15.1 that meets the requirements of both Sections 15.1 and 15.2 does not then exist, BC Hydro shall commence to develop the applicable imbalance tariff(s) at least 18 months in advance of the expected expiry of the Lease Term, or if the Transmission Purchase Closing is expected to occur for reasons other than the natural expiry of the Lease Term, as soon as possible after BC Hydro becomes aware that the Transmission Purchase Closing is expected to occur. For greater certainty, the Parties are of the view that the Energy

Imbalance Service under the OATT does not currently meet these requirements. BC Hydro shall develop the tariff(s), in consultation with Teck, to reflect the reasonable cost to BC Hydro of holding the system resources available to cover the imbalance or failed import schedule, as applicable, but that is intended to:

- (a) discourage Teck and/or Teck's suppliers from taking advantage of any arbitrage between market prices and/or opportunities and the tariff imbalance price; and
- (b) discourage the purchase and/or import of unreliable, interruptible or variable energy and encourage the use of reliable transmission.

The Parties shall negotiate in good faith to determine if shedding a portion of load at the Industrial Operations would reduce the need for, and cost of, this imbalance service. BC Hydro shall timely seek approval of the tariff(s) from the BCUC. Teck may intervene in the BCUC regulatory processes, provided that Teck shall not object to the application of the principles described in Sections 15.2(a) and 15.2(b) in the tariff rates, terms and conditions proposed by BC Hydro.

15.3 Scheduled Transfers of Energy from FortisBC System to Emerald Switching Station

After the Waneta End Date, capacity and/or energy supplied to Teck from the Entitlement Parties' System and/or the FortisBC System must be scheduled by or on behalf of Teck in accordance with an operating procedure to be developed and agreed by the Operating Committee, acting reasonably, in advance of the acquisition by BC Hydro of the Teck Transmission Assets, which will provide for schedules to be submitted in advance on timelines generally consistent with BC Hydro's then applicable scheduling business practices. Any such schedule will be a schedule from the Entitlement Parties' and/or FortisBC System, as applicable, to the BC Hydro System. After the Waneta End Date, scheduled transfers of energy from Line 62 of the FortisBC System to Teck using the bus at Emerald Switching Station is not considered a use of the BC Hydro System, provided there is sufficient transmission capacity within the FortisBC System (which will be determined based on applicable industry modelling standards, which are currently the Total Transfer Capability and Available Transfer Capability standards under the currently applicable mandatory reliability standards adopted by the BCUC under Section 125.2(6) of the Utilities Commission Act, and will recognize local voltage, VAR support and/or other resources that in each case Teck may have access to) to accommodate such transfer or schedule. For greater certainty, the bus at Emerald Switching Station is a connection point and not a transmission path, and accordingly there is no transmission capacity constraint at the bus. Teck will not enter into arrangements with third parties to accept transfers of energy from the Entitlement Parties' System that Teck knows, after reasonable enquiry, facilitate the arbitrage of a regulated BC Hydro service.

15.4 Backup Service

BC Hydro will, if requested by Teck after the Waneta End Date, supply Teck with a backup service, at tariff rates established pursuant to Section 15.5. The backup service shall provide for continued service to the Industrial Operations to the extent that:

- (a) the Industrial Operations are being supplied from the FortisBC System by Line 62, and Line 62 is out of service, resulting in a failure or interruption of the supply; and/or
- (b) the Industrial Operations are being supplied by imports from the United States using the Wheeling Facilities, and the Wheeling Facilities are out of service, resulting in a failure or interruption of the supply.

Teck shall not plan to use this backup service for a replacement of third-party supply of energy to meet the load requirements of the Industrial Operations, and backup service should only occur as a result of an outage planned by BC Hydro that is expected to impact the wheeling service to be provided under the Wheeling Agreement, a reconfiguration of Line 71 from the WHS-NLY configuration to the WHS-BDY configuration, a forced outage or another unexpected event.

15.5 Backup Service Rates

If a tariff for the backup service described in Section 15.4 does not then exist, BC Hydro shall commence to develop the applicable backup tariff at least 18 months in advance of the expected expiry of the Lease Term, or if the Transmission Purchase Closing is expected to occur for reasons other than the natural expiry of the Lease Term, as soon as possible after BC Hydro becomes aware that the Transmission Purchase Closing is expected to occur. BC Hydro shall develop the tariff, in consultation with Teck, to reflect the reasonable cost to BC Hydro of holding and making the system resources available to cover the backup service, but that is intended to:

- (a) discourage Teck and/or Teck's suppliers from taking advantage of any arbitrage between market prices and/or opportunities and the tariff backup price; and
- (b) discourage the purchase and/or import of unreliable, interruptible or variable energy and encourage the use of reliable transmission.

The Parties shall negotiate in good faith to determine if shedding a portion of load at the Industrial Operations would reduce the need for, and cost of, this backup service. BC Hydro shall timely seek approval of the tariff(s) from the BCUC. Teck may intervene in the BCUC regulatory processes, provided that Teck shall not object to the application of the principles described in Sections 15.5(a) and 15.5(b) in the tariff rates, terms and conditions proposed by BC Hydro.

16. ALTERNATIVE TO BC HYDRO WHEELING

16.1 Alternative to Wheeling Agreement

At any time before or during the term of the Wheeling Agreement, if BC Hydro determines, in its sole discretion, that providing wheeling to Teck in accordance with the Wheeling Agreement is not in BC Hydro's interests, BC Hydro may propose an alternative way of supplying electricity to meet the requirements of the Industrial

Operations. Provided that the alternative way of supplying electricity to the Industrial Operations:

- (a) provides Teck with a degree of reliability at least as high as the reliability that a large industrial customer with operations similar to the Industrial Operations, for which no system redundancies or alternate supply options exist (except to the extent alternate transmission paths are available under the CPA Subagreement or other transmission facility sharing arrangements), would reasonably be expected to require for purchases of electricity in the United States, wheeled from the point of purchase to the BC/US Boundary, and from the BC/US Boundary to Emerald Switching Station in accordance with the Wheeling Agreement, and including the ancillary services available from BC Hydro pursuant to the Wheeling Agreement (and provided Teck maintains access to the imbalance services contemplated by Section 15.1 and the backup service contemplated by Section 15.4); and
- (b) is no more expensive to Teck than what a large industrial customer with operations similar to the Industrial Operations would reasonably be expected to pay to purchase electricity in the United States, and wheel it from the point of purchase to the BC/US Boundary, and from the BC/US Boundary to Emerald Switching Station in accordance with the Wheeling Agreement, and the cost of the ancillary services available from BC Hydro pursuant to the Wheeling Agreement (with access to similar services to the imbalance services contemplated by Section 15.1 and the backup service contemplated by Section 15.4) at the time and for the period during which Teck requires electricity for the Industrial Operations, taking into account expected transmission losses and costs of transmission commensurate with the reliability of supply ((a) and (b) together, the “**Alternate Conditions**”),

BC Hydro may make supply available for the Industrial Operations in the proposed alternative way, instead of providing wheeling to Teck in accordance with the Wheeling Agreement, but for certainty, Teck shall not be required to supply the Industrial Operations by means of the alternate supply option (whether as agreed by the Parties or as established by a Third Party Referee in accordance with this Agreement). The Parties shall negotiate in good faith to agree on terms and conditions of the alternate supply option, and to obtain any required regulatory approvals. Failing agreement on terms, either Party may submit the matter for dispute resolution pursuant to Section 19.2. The Third Party Referee must establish terms and conditions for the alternate supply that meet applicable regulatory requirements. BC Hydro shall be responsible for securing all regulatory approvals required to support the alternate supply option on a basis that meets the Alternate Conditions, as determined by Teck acting reasonably, failing which BC Hydro shall not supply and Teck shall have no right or obligation to be supplied based on the alternative supply option proposed by BC Hydro, and BC Hydro shall continue to be obligated to provide wheeling services to Teck in accordance with the Wheeling Agreement.

16.2 Wheeling Agreement Terminates

If BC Hydro agrees to make supply available to Teck for the Industrial Operations in an alternative way pursuant to Section 16.1, the terms and conditions for the alternate supply are agreed to by the Parties or established by a Third Party Referee pursuant to Section 16.1 and those terms and conditions for the alternate supply service are available and will reasonably remain available to Teck pursuant to a tariff developed pursuant to Section 16.1 and approved by the BCUC, the Parties will seek the approval of the BCUC to terminate the Wheeling Agreement (which shall terminate upon such approval), and if Teck chooses to use such service, Teck shall receive service from BC Hydro pursuant to the alternate supply tariff.

16.3 Intent of Sections 16.1 and 16.2

BC Hydro acknowledges that the intent of Sections 16.1 and 16.2 is for BC Hydro to have the option of replacing the Wheeling Agreement with a tariff service, but for Teck to be no worse off pursuant to the tariff service, including in terms of reliability and cost, than it would otherwise reasonably experience during the whole of the period when Teck would continue to require electrical supply for the Industrial Operations and would otherwise have been entitled to take wheeling service under the Wheeling Agreement. BC Hydro shall not attempt to circumvent that effect or intent by taking advantage of temporary or seasonal fluctuations in reliability or cost in an attempt to establish terms and conditions for the tariff service that are inconsistent with that effect or intent. If Teck believes that BC Hydro is not complying with the provisions of this Agreement, with the effect that Teck is being offered alternate supply that will leave Teck worse off than it would have been if wheeling service was still available under the Wheeling Agreement, Teck may submit the matter for dispute resolution in accordance with Section 19.1.

16.4 No Teck Right for BC Hydro to Supply the Industrial Operation

Except for imbalance services pursuant to Section 15.1 and the backup service pursuant to Section 15.4, nothing in this Agreement requires BC Hydro to provide, or restricts BC Hydro from providing, services to Teck in respect of the Industrial Operations, recognizing that by reason of the Wheeling Agreement Teck has retained its historical access to United States markets to obtain power to supply the Industrial Operations following expiry or earlier termination of the Lease.

17. UNANTICIPATED CIRCUMSTANCES**17.1 Unanticipated Circumstances**

The Parties recognize that they are unable to anticipate all circumstances that could arise that may require transmission arrangements between them, and with other parties, that are different than those provided for under this Agreement, the Wheeling Agreement, and/or agreements with other parties in order to meet the needs of the Parties with respect to transmission. During the term of this Agreement, if either Party identifies circumstances that require transmission arrangements different than those provided for in this Agreement, the Wheeling Agreement and/or agreements with other parties, and that were

unanticipated by that Party as of January 30, 2018, the Parties shall meet to discuss and negotiate in good faith and use commercially reasonable efforts to agree on solutions for such circumstances that meet the needs and satisfy the interests of both Parties while preserving or ensuring consistency with, to the greatest extent reasonably possible, the allocation of the benefits, costs and risks between the Parties under the Transmission-Related Agreements; provided that each Party may be guided within those limitations by its own commercial, business and other interests. If despite good faith negotiations, the Parties are unable to agree on solutions for such circumstances, the Transmission-Related Agreements will continue to define the Parties' respective rights and obligations (but for greater certainty, each Party will continue to be entitled to seek any relief or other order from the BCUC available to it in respect of the applicable circumstances consistent with preserving or ensuring consistency with, to the greatest extent reasonably possible, the allocation of the benefits, costs and risks between the Parties under the Transmission-Related Agreements).

18. **ADDITIONAL BC HYDRO RIGHTS IF MATERIAL BREACH BY TECK**

18.1 **Additional BC Hydro Rights**

If Teck is in material breach or material default of any of its obligations under this Agreement, then in addition to other rights provided for in this Agreement and the other Transmission-Related Agreements, BC Hydro shall have the following rights:

- (a) as agent of Teck, to operate the Line 71 Assets to the extent necessary to ensure that BC Hydro obtains all of the benefits of its rights under this Agreement;
- (b) to access the Waneta Hydro Station and any other Waneta Assets, as well as any other assets of Teck that are necessary for the purpose of operating the Line 71 Assets; and
- (c) for and on behalf of Teck (pursuant to the limited power of attorney granted by Teck concurrently with the execution of this Agreement), to provide schedules to the BC Hydro System Operator pursuant to the Line 71 Scheduling Rights and appropriate instructions to FortisBC and BC Hydro and any other applicable Person in respect of all applicable interconnection agreements to which Teck is a party.

19. **DISPUTE RESOLUTION**

19.1 **Arbitration**

- (a) Except for disputes or other matters specifically required to be resolved or determined pursuant to Section 19.2 of this Agreement, either Party may deliver a written notice (a "**Dispute Notice**") to the other Party at any time setting out any dispute or disagreement of any kind which has arisen with respect to this Agreement, its interpretation or application, its performance by the Parties, or in respect of any defined legal relationship associated therewith or derived therefrom (each, a "**Dispute**"). The Parties agree that within 10 Business Days of the

delivery of a Dispute Notice, good faith negotiations shall take place between the Parties with the objective of resolving such Dispute. If such good faith negotiations have not resolved the Dispute within a period of 10 Business Days after the commencement of such negotiations (the “**Initial Negotiation Period**”), the Dispute shall be referred automatically to the Parties’ respective Presidents or their designates who shall attempt in good faith to resolve such Dispute within 10 Business Days of the end of the Initial Negotiation Period (the “**Referral Period**”).

- (b) If the Dispute is not resolved to the satisfaction of the Parties within the Referral Period, the Parties shall refer the Dispute to final and binding arbitration. Disputes referred to final and binding arbitration pursuant to this Agreement shall be arbitrated in accordance with the *Arbitration Act* of British Columbia (or any successor legislation enacted in British Columbia applicable to the arbitration of commercial disputes) in accordance with the following procedures:
 - (i) the arbitration shall be conducted by an arbitral tribunal consisting of a single arbitrator appointed by mutual agreement of the Parties or in the event of failure to reach agreement within 15 days, any Party may apply to a judge of the British Columbia Supreme Court to appoint an arbitrator;
 - (ii) the arbitrator shall be qualified by education, training and experience to pass upon the matter to be decided;
 - (iii) the arbitrator shall be instructed that time shall be of the essence in proceeding with the determination of the dispute;
 - (iv) the arbitration shall be conducted in Vancouver, British Columbia; and
 - (v) the arbitration decision shall be in writing and shall be final and binding upon the Parties and shall deal with the question of costs of arbitration.
- (c) The Parties agree that good faith negotiations and arbitration shall all be without recourse to the courts and that the award of the arbitrator shall be final and binding, except that: any Party may apply to a court of competent jurisdiction:
 - (i) for an interim measure of protection; or
 - (ii) for any order for equitable relief which the arbitrator does not have the jurisdiction to provide.

19.2 Third Party Referee

Where pursuant to Sections 1.1(e), 10.5(g), 10.6, 11.3(d), 11.4, 14.3(b), 15.3 or 16.1, the Parties (including through the Operating Committee) are unable to reach agreement as required by those sections, then either Party shall have the right, upon written notice to the other, to have the matter referred to a Third Party Referee. Unless otherwise agreed, the Third Party Referee shall be:

- (a) in respect of Sections 10.5(g), 10.6, 11.3(d) or 11.4, an engineer or engineering firm experienced in transmission facilities matters;
- (b) in respect of Sections 1.1(e) or 14.3(b), a commercial arbitrator experienced with security documents; and
- (c) in respect of Sections 15.3 or 16.1, a commercial arbitrator experienced with electric utility transmission services,

and, in each case, free of any current or historical relationship with either Party that might give rise to a reasonable apprehension of bias. The Third Party Referee shall be appointed as soon as practicable but not later than 20 days after the date on which such notice has been provided and shall make its determination within 30 days of its having been appointed. Where such a disagreement is referred to a Third Party Referee (whether by mutual agreement or pursuant to Sections 1.1(e), 10.5(g), 10.6, 11.3(d), 11.4, 14.3(b), 15.3 or 16.1):

- (d) the Third Party Referee shall act as expert and not as arbitrator and its decision shall be final and binding on the Parties;
- (e) the Third Party Referee shall have no authority to alter the principles set out in Sections 16.1(a) and 16.1(b) (provided that, for greater certainty, the foregoing does not preclude the Third Party Referee from resolving any disagreement over the meaning of those sections);
- (f) each Party shall present its proposal for resolution of the matter in dispute and the Third Party Referee shall select whichever proposal is in its view more consistent with preserving or ensuring consistency with, to the greatest extent reasonably possible, the allocation of the benefits, costs and risks between the Parties under the Transmission-Related Agreements, taking into account the effect of each proposal on each of the Parties;
- (g) the Parties shall thereafter implement such selected proposal; and
- (h) the Party whose proposal is not selected by the Third Party Referee shall bear the costs of the Third Party Referee and the expert determination.

In the event that the Parties are unable to agree on the appointment of a Third Party Referee, then each of the Parties shall prepare and deliver to the other Party, within 5 days after the expiry of the initial time period required under this Section 19.2, a list of three proposed independent third party referees, each of which must, unless otherwise agreed, meet the applicable requirements set out in Sections 19.2(a), 19.2(b) or 19.2(c) and be free of any current or historical relationship with either Party that might give rise to a reasonable apprehension of bias. Each Party shall, within 5 days after receipt of the list of the other Party's proposed independent third party referees, select one of the other Party's proposed independent third party referees to be entered into a lottery, pursuant to which one of the two proposed independent third party referees so entered into the lottery shall be selected by coin flip. If either Party does not provide to the other Party its list of

three proposed independent third party referees within the 5 day period specified herein, then the other Party who has so provided its list, shall be entitled to select one Person from its own list to act as the Third Party Referee. If the proposed independent third party is unable or unwilling to act, each Party shall select one of the other Party's proposed independent third party referees other than the one who is unable or unwilling to act and this provision shall be applied again until an independent third party is engaged.

20. **NOTICES**

20.1 **Notices**

All notices, directions and other instruments required or permitted to be given under this Agreement shall be in writing, and shall be sufficient in all respects if delivered, or if sent by facsimile, or if sent by prepaid registered post mailed in British Columbia to the Parties at the following addresses respectively:

- (a) to BC Hydro:
British Columbia Hydro & Power Authority
333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Attention: ●
Facsimile Number: ●

With a copy to:
British Columbia Hydro & Power Authority
333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Attention: ●
Facsimile Number: ●

- (b) to Teck Metals Ltd.:
Teck Metals Ltd.
Suite 3300, 550 Burrard Street
Vancouver, BC V6C 0B3

Attention: Corporate Secretary
Facsimile Number: (604) 699-4729

With a copy to:
Teck Metals Ltd.



Attention: ●
Facsimile Number: ●

Either Party shall have the right at any time to change its address by notice in writing sent to the other Party at the address in effect hereunder.

20.2 Delivery of Notices

Any notice, direction or other instrument shall be deemed to have been received on the following dates:

- (a) if sent by facsimile, on the Business Day next following the date the sender receives confirmation of successful transmission;
- (b) if delivered, on the Business Day next following the date of delivery; or
- (c) if sent by registered mail, on the seventh day following its mailing, provided that if there is at the time of mailing or within seven days thereafter a mail strike, slowdown, lockout or other labour dispute which might affect the delivery, then any notice, direction or other instrument, shall only be effective upon actual delivery or if delivered or sent by facsimile.

21. MISCELLANEOUS

21.1 No Assignment Without Consent

Without limiting any specific restrictions on disposal of assets or rights set out elsewhere in this Agreement, and subject to Section 21.3, neither Party may sell, assign or otherwise transfer this Agreement, or any of its rights, obligations or liabilities under this Agreement, to any other Person unless all such rights, obligations and liabilities under this Agreement, the Wheeling Agreement and the Waneta Interconnection Agreement are assigned, and then only with the prior consent in writing of the other Party (except in the case of the specific Transfers where Teck need not obtain BC Hydro's consent pursuant to Section 3.1).

21.2 Assignment by Teck to Transferee under Lease

Until the Waneta End Date, Teck shall not Transfer its interest in this Agreement other than concurrently with a transfer of its interest in the Lease and in the Teck Transmission Assets, and in the other Transmission-Related Agreements, in each case to the transferee under the Lease. Any such transfer of this Agreement shall be subject to the Transferee continuing to provide security to BC Hydro in respect of its obligations under this Agreement as provided in the Line 71 Security and the Transferee being capable of

performing all of Teck's obligations pursuant to the Transmission-Related Agreements. If:

- (a) Teck transfers its interest in this Agreement with the consent of BC Hydro and in accordance with this Section 21.2; and
- (b) the creditworthiness of the Transferee or of its guarantor (if any) of the Transferee's obligations under this Agreement (whichever creditworthiness is better), is equal to or better than the creditworthiness of Teck or its guarantor, if any at the applicable time (whichever creditworthiness is better),

then Teck shall be relieved of its obligations under this Agreement.

21.3 Assignment by Teck after the Waneta End Date

Notwithstanding Section 21.1, after the Waneta End Date, Teck may sell, assign or otherwise transfer this Agreement concurrently with its interest in the other Transmission-Related Agreements, without the prior written consent of BC Hydro, in the following circumstances provided that it has first given written notice of the proposed Transfer to BC Hydro:

- (a) in the course of a bona fide internal reorganization of Teck's Industrial Operations amongst Teck and its Affiliates as long as Teck's Industrial Operations continue to be owned and operated by Teck or by its Affiliates following the reorganization and Teck and its Affiliates remain bound by the Transmission-Related Agreements; or
- (b) to a purchaser of Teck's Industrial Operations, in conjunction with and contemporaneously with the sale of all of Teck's Industrial Operations and the Transmission-Related Agreements to the same purchaser,

and provided, in each case, that the proposed transferee is capable of performing all of Teck's obligations pursuant to the Transmission-Related Agreements.

21.4 Permitted Assignment by BC Hydro

Notwithstanding Section 21.1, BC Hydro will be entitled to assign its interest in this Agreement concurrently with its interest in the other Transmission-Related Agreements:

- (a) upon notice to and without the consent of Teck, in connection with a transfer of BC Hydro's Participation Interest as provided in Section 25.2(c) of the COPOA; and
- (b) upon notice to and with the prior written consent of Teck, not to be unreasonably withheld, in connection with a transfer of BC Hydro's Participation Interest as provided in Section 25.2(d) of the COPOA,

provided, in each case, the assignee is capable of performing all of BC Hydro's obligations pursuant to the Transmission-Related Agreements, and further provided that, if the assignee is either not a public utility, or will or intends to provide the Wheeling Service under the Wheeling Agreement as a non-tariff service, the assignee shall have first granted to Teck the BC Hydro Security Documents and they constitute first priority security over the Wheeling Facilities, subject only to Permitted Encumbrances.

21.5 No Third Party Beneficiaries

Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon or to give any person, other than the Parties and their respective permitted successors and assigns, any rights or remedies under or by reason of this Agreement.

21.6 Further Assurances

Each of the Parties agrees that it shall take from time to time such actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement.

21.7 No Consequential Damages

No arbitrator shall award any special, incidental, exemplary, punitive or consequential damages with respect to, arising out of, relating to or in any way connected with a Party's performance or non-performance under this Agreement, provided nothing in this Section 21.7 shall limit any damages or other remedies for any breach or material breach of this Agreement that may be expressly provided for herein.

21.8 Waiver

The failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit that Party's right thereafter to enforce any provision or exercise any right.

21.9 Governing Law

This Agreement and all the terms and conditions contained in it shall be governed and construed in accordance with the laws of British Columbia.

21.10 Amendments

No amendment of this Agreement shall be valid unless made in writing and executed by the appropriate duly authorized signatories of the Parties.

21.11 Enurement

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

21.12 Counterpart Execution

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

21.13 Electronic Delivery

Delivery by a Party of an executed copy or amendment of this Agreement by electronic means shall be effective delivery.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

**BRITISH COLUMBIA HYDRO
AND POWER AUTHORITY**

By: _____
Authorized Signatory

TECK METALS LTD.

By: _____
Authorized Signatory

Schedule A**Teck Transmission Assets**

Subject to any additions, amendments, replacements or deletions made by Teck in the ordinary course and consistent with Teck's obligations pursuant to this Agreement, the "Teck Transmission Assets" are, collectively:

- (a) Lines 14-17;
- (b) the Line 71 Assets;
- (c) the Waneta Hydro Station;
- (d) the Emerald Switching Station (except only the harmonic filter banks and the disconnects, breakers and associated feeder lines from Emerald Switching Station to the Industrial Operations);
- (e) the Teck Transmission Options, and any capacity and/or asset rights acquired by Teck pursuant to the exercise of any Teck Transmission Option, only to the extent that:
 - (i) BC Hydro has requested that Teck exercise such Teck Transmission Option(s); or
 - (ii) Teck has exercised any such Teck Transmission Option(s) at its option because Teck requires the capacity and/or assets rights during the Lease Term in order to avoid a Plant derate under the CPA or when Teck would otherwise have inadequate transmission to meet its CPA or CPA Subagreement obligations;
- (f) any other capacity and/or asset rights acquired by Teck pursuant to the exercise (at Teck's option) of any of the Teck Transmission Options, only to the extent that BC Hydro elects to purchase such capacity and/or asset rights pursuant to Section 10.3;
- (g) Alternate Means acquired by Teck, only to the extent that BCH elects to purchase such Alternate Means (or the rights thereto pursuant to Section 10.4);
- (h) all tangible personal property, assets, equipment, and parts owned and used by Teck in connection with the ownership, operation or maintenance of those assets described in paragraphs (a) to (g) above, including:
 - (i) spare components and replacement equipment;
 - (ii) emergency equipment;

- (iii) poles, conductors, insulators, corona protections, crossarms, cross-bracings, and other related electrical or mechanical apparatus; and
- (iv) communication and microwave equipment;
- (i) all tangible personal property, assets, and equipment owned by Teck, including property acquired by FortisBC as agent of Teck, and used by FortisBC in the operation and / or maintenance of those assets described in paragraphs (a) to (g) above pursuant to the Waneta Management Agreement dated May 1, 1996 between Teck and Fortis (as amended), including tools, supplies, spare components and replacement equipment wherever situated, if any, but excluding vehicles;

and those properties, assets, equipment, parts, permits, licenses, contractual rights (including in facilities sharing and interconnection agreements), statutory rights of way, authorizations or agreements of every nature and kind, real, personal or mixed, and whether tangible or intangible that are owned by Teck or in which Teck has an interest and that are used from time to time in connection with the operation and maintenance of any of the foregoing, including any replacements, upgrades or expansions undertaken during the Lease Term, and the prepaid expenses relating to any of the foregoing, but excluding:

- (j) any of the foregoing that comprise Waneta Assets;
- (k) transmission rights on third-party owned transmission that Teck may hold pursuant to the Canal Plant Agreement, CPA Subagreement or in Teck's capacity as an Entitlement Party;
- (l) the equipment and assets comprising the Interconnection Facilities as such term is defined in the Waneta 18 Line Agreement (May 1, 2007) between Teck and FortisBC; and
- (m) real property associated with Emerald Switching Station; and

provided that if at any time BC Hydro has acquired the Line 71 Assets pursuant to Section 11.1, the "Teck Transmission Assets" shall exclude the Line 71 Assets that have been acquired by BC Hydro.

Schedule B

Transmission Assumed Contracts

<u>Transmission Assumed Contracts</u>	<u>Line 71 Assumed Contract?</u>
Memorandum regarding Line 71 (August 31, 1962) between Teck and the Government of British Columbia	Yes
Letter dated January 20, 1987 between Teck and FortisBC regarding the use of Line 71	Yes
1996 Interconnection Agreement (April 4, 1996) among Teck, West Kootenay Power Ltd. and CPC other than in respect of obligations relating to the Waneta Assets and load determination	
Waneta Line 18 Agreement (May 1, 2007) between Teck and FortisBC other than in respect of obligations relating to the Waneta Assets	
PASDA (May 18, 1994) as amended and assigned in respect of s. 5.9 only	Yes
Side Letter (December 3, 2004) between Teck and CPC regarding the Transmission Rights Agreement	
Transmission Facilities Agreement (July 18, 2003) between Teck and FortisBC, as subsequently amended June 1, 2005 and September 1, 2007 except as to rights and obligations of Teck related to the TCML Transformer (as defined in the Transmission Facilities Agreement) required for the transfer of energy between Line 62 and ESS	
If entered into prior to the Transmission Purchase Closing or the Line 71 Closing, as applicable, any agreements, instruments or rights of way to the extent included in the Teck Transmission Assets	Yes, to the extent related to Line 71
1996 Facilities Sharing Agreement (April 4, 1996) among Teck, FortisBC, CPC and CBT, as subsequently amended April 1, 2004	
Memorandum of Understanding Regarding Partial Sale of Waneta Assets (October 30, 2009) among FortisBC, BC Hydro and Teck.	Yes
Transmission Asset Transfer Agreement (April 4, 1996) among FortisBC, Teck, CPC and CBT as subsequently amended April 1, 2004	

<u>Transmission Assumed Contracts</u>	<u>Line 71 Assumed Contract?</u>
2003 Interconnection Agreement (July 18, 2003) between Teck and Aquila Networks Canada (British Columbia) Ltd.	
Transmission Rights of Way	Yes, to the extent related to Line 71
Such other agreements and arrangements entered into by, or granted to, Teck prior to the Line 71 Purchase Closing, made in the ordinary course of maintaining and operating the Line 71 Assets as required by this Agreement	Yes
Such other agreements and arrangements entered into by, or granted to, Teck prior to the Transmission Purchase Closing, made in the ordinary course of maintaining and operating the Teck Transmission Assets as required by this Agreement	

Schedule C

Indemnities and Limitations

Indemnities and Limitations of Liabilities

Equivalent to Article 9 of the Waneta Purchase Agreement (2017), except the amount of the “basket” in Sections 9.3(a) and 9.3(b) will be \$500,000 with respect to all of the Teck Transmission Assets, \$275,000 with respect to the Line 71 Assets on their own and \$225,000 with respect to the remainder of the Teck Transmission Assets if there has been a previous Line 71 Purchase Closing.

Schedule D

Transmission Rights of Way

Lines 14-17

No.	PID	Registered Owner(s)	Charge Number
1.	028-352-963	Waneta Expansion General Partner Ltd.	CA1765893
2.	014-830-442	Teck Metals Ltd.	To be granted
3.	016-683-510	TLC the Land Conservancy of British Columbia	CA1011222
4.	024-363-464	Teck Metals Ltd.	To be granted
5.	016-328-957	Teck Metals Ltd.	To be granted
6.	015-438-597	Teck Metals Ltd.	To be granted
7.	016-328-787	Teck Metals Ltd.	To be granted
8.	015-438-597	Teck Metals Ltd.	To be granted
9.	015-976-513	Teck Metals Ltd.	To be granted
10.	015-976-521	Teck Metals Ltd.	To be granted
11.	015-976-530	Teck Metals Ltd.	To be granted
12.	015-977-269	Teck Metals Ltd.	To be granted
13.	015-977-641	Teck Metals Ltd.	To be granted
14.	015-976-548	Teck Metals Ltd.	To be granted
15.	015-977-668	Teck Metals Ltd.	To be granted
16.	015-977-692	Teck Metals Ltd.	To be granted
17.	015-977-706	Teck Metals Ltd.	To be granted
18.	015-977-731	Teck Metals Ltd.	To be granted
19.	015-977-773	Teck Metals Ltd.	To be granted
20.	015-977-897	Teck Metals Ltd.	To be granted
21.	015-977-960	Teck Metals Ltd.	To be granted
22.	015-977-986	Teck Metals Ltd.	To be granted
23.	015-978-303	Teck Metals Ltd.	To be granted
24.	015-978-354	Teck Metals Ltd.	To be granted
25.	015-978-362	Teck Metals Ltd.	To be granted
26.	015-976-556	Teck Metals Ltd.	To be granted

No.	PID	Registered Owner(s)	Charge Number
27.	015-976-599	Teck Metals Ltd.	To be granted
28.	015-976-688	Teck Metals Ltd.	To be granted
29.	015-976-734	Teck Metals Ltd.	To be granted
30.	015-976-742	Teck Metals Ltd.	To be granted
31.	015-988-091	HMTQ in Right of the Province of B.C.	38584D
32.	015-988-082	HMTQ in Right of the Province of B.C.	38584D
33.	015-977-021	Teck Metals Ltd.	To be granted
34.	015-977-081	Teck Metals Ltd.	To be granted
35.	015-977-161	Teck Metals Ltd.	To be granted
36.	015-978-371	Teck Metals Ltd.	To be granted
37.	015-977-218	Teck Metals Ltd.	To be granted
38.	016-064-763	Teck Metals Ltd.	To be granted
39.	016-064-755	Teck Metals Ltd.	To be granted
40.	016-064-747	Teck Metals Ltd.	To be granted
41.	015-951-383	Edward George Mayer	44165D
42.	015-951-391	Edward George Mayer	44165D
43.	015-950-727	Mayer Contracting Co. Ltd.	44165D
44.	015-949-699	Mayer Contracting Co. Ltd.	44165D
45.	015-951-120	Derek Christopher Mayer	42979D
46.	016-064-887	Teck Metals Ltd.	To be granted
47.	016-064-852	Teck Metals Ltd.	To be granted
48.	016-064-798	Teck Metals Ltd.	To be granted
49.	015-950-689	HMTQ in Right of the Province of B.C.	E2180
50.	015-950-671	HMTQ in Right of the Province of B.C.	E2180
51.	015-950-743	Teck Metals Ltd.	To be granted
52.	015-587-347	Teck Metals Ltd.	To be granted
53.	016-334-141	Teck Metals Ltd.	To be granted
54.	015-786-773	Teck Metals Ltd.	To be granted
55.	016-334-043	Teck Metals Ltd.	To be granted
56.	016-334-167	Teck Metals Ltd.	To be granted
57.	016-328-078	Teck Metals Ltd.	To be granted

No.	PID	Registered Owner(s)	Charge Number
58.	016-334-035	Croft Woodruff Troi Darwell	44165D
59.	011-256-419	Interoute Construction Ltd.	44165D
60.	016-222-571	Robin Roald Robert Sorenson	44165D
61.	016-328-221	Roy Edward Stadlwieser (1/4) John Edward Downey (1/4) Joseph Alphons Stadlwieser (1/4) Timothy David Leslie (1/4)	44165D
62.	015-951-316	Edward George Mayer	44165D
63.	015-951-332	Edward George Mayer	44165D
64.	015-951-341	Edward George Mayer	44165D
65.	017-022-371	City of Trail	44165D
66.	028-476-956	City of Trail	44165D
67.	015-916-243	City of Trail	44165D
68.	010-677-569	Teck Metals Ltd.	44165D
69.	015-860-183	City of Trail	44165D
70.	015-860-167	City of Trail	44165D
71.	015-860-132	City of Trail	44165D
72.	015-948-927	City of Trail	44165D
73.	015-948-919	City of Trail	44165D
74.	015-947-211	City of Trail	44165D
75.	012-112-097	Ilona Naomi Batori	18234D
76.	015-932-028	Domenico Errigo Isernia	18234D
77.	015-824-012	City of Trail	44165D
78.	016-927-737	City of Trail	44165D
79.	017-682-568	City of Trail	44165D
80.	016-382-013	Daniel Anthony Ferraro James John Ferraro David Fortunato Ferraro	42983D
81.	017-028-710	City of Trail	44039D
82.	016-984-129	City of Trail	44039D
83.	015-780-741	Village of Warfield	43189D
84.	015-496-031	HMTQ in Right of the Province of B.C.	43621D

No.	PID	Registered Owner(s)	Charge Number
85.	016-327-993	Teck Metals Ltd.	To be granted
86.	012-332-810	Teck Metals Ltd.	To be granted
87.	016-344-502	Teck Metals Ltd. (2/3) British Columbia Hydro & Power Authority (1/3)	To be granted
88.	016-344-511	Teck Metals Ltd. (2/3) British Columbia Hydro & Power Authority (1/3)	To be granted
89.	027-434-923	Teck Metals Ltd. (2/3) British Columbia Hydro & Power Authority (1/3)	LB354783
90.	027-434-915	Teck Metals Ltd. (2/3) British Columbia Hydro & Power Authority (1/3)	LB354783

“to be granted” refers to a Transmission Right of Way to be granted and registered by Teck in favour of itself prior to the Transmission Purchase Closing in a form mutually agreed upon between Teck and BC Hydro.

Line 71

No.	PID	Registered Fee Simple Owner(s)	Charge Number
1.	028-352-963	Waneta Expansion General Partner Ltd.	CA1765893
2.	007-436-505	Teck Metals Ltd.	To be granted
3.	030-315-697	Hugh John Paul Buckley and Shirley Anne Buckley	66735D, K6912
4.	023-680-474	Sandra Diane Cimolai, Mark Allen Cimolai, Donna Marie Tennant, Grant Sorensen and Hugh Sorensen	65367D
5.	016-458-524	Fredric Dennis Buckley and Janice Pamela Buckley	68912D
6.	016-429-826	Fredric Dennis Buckley and Janice Pamela Buckley	65331D
7.	016-450-540	John George Urquhart and Cristine Dianne Urquhart	65331D
8.	007-582-242	John George Urquhart and Cristine Dianne Urquhart	65331D
9.	010-946-365	Her Majesty the Queen in Right of the Province of British Columbia as represented by the Ministry of Environment and Parks	66736D

No.	PID	Registered Fee Simple Owner(s)	Charge Number
10.	005-510-635	Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Environment, Lands and Parks	J1780
11.	005-510-350	British Columbia Hydro and Power Authority	J1780
12.	011-787-732	British Columbia Hydro and Power Authority	66737D
13.	011-787-716	British Columbia Hydro and Power Authority	66737D
14.	012-845-256	British Columbia Hydro and Power Authority	66737D
15.	016-442-024	British Columbia Hydro and Power Authority	66738D
16.	012-529-605	The Queen in Right of British Columbia c/o The Minister of the Environment	66970D
17.	012-529-451	The Queen in Right of British Columbia c/o The Minister of the Environment	66970D
18.	012-531-855	Her Majesty the Queen in Right of the Province of British Columbia	70565D
19.	010-946-641	Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Environment and Parks	65356D
20.	017-025-443	Her Majesty the Queen in Right of the Province of British Columbia	A12655
21.	017-025-451	Her Majesty the Queen in Right of the Province of British Columbia	A12655
22.	016-458-028	Her Majesty the Queen in Right of the Province of British Columbia	J1780
23.	016-429-974	Her Majesty the Queen in Right of the Province of British Columbia	67593D
24.	016-450-574	Her Majesty the Queen in Right of the Province of British Columbia	66969D
25.	006-051-570	Her Majesty the Queen in Right of the Province of British Columbia	67149D
26.	016-449-118	Her Majesty the Queen in Right of the Province of British Columbia	67595D
27.	013-364-677	Patricia Mary Rorick and Denis Murray Rorick	66739D
28.	016-442-920	Josef Leonz Huser and Klara Paulina Huser	66740D
29.	012-628-590	Her Majesty the Queen in Right of the Province of British Columbia	67904D
30.	016-520-220	Reeves Macdonald Mines Limited	67388D

No.	PID	Registered Fee Simple Owner(s)	Charge Number
31.	016-520-181	Reeves Macdonald Mines Limited	67388D
32.	016-497-490	Pend D'Oreille Orchards Inc.	67404D
33.	016-497-503	Reeves Macdonald Mines Limited	67404D
34.	016-497-571	Reeves Macdonald Mines Limited	67404D
35.	016-748-131	Pend D'Oreille Orchards Inc.	67389D
36.	023-687-444	Reeves Macdonald Mines Limited	67389D
37.	016-455-240	Beaumont Timber Company Ltd.	67594D
38.	014-325-624	Teck Metals Ltd.	LB367310
39.	009-397-493	Louben Holdings Ltd.	B1234, C3081, KT28425
40.	012-229-547	British Columbia Hydro and Power Authority	LB350362, LB350363

Access Rights

No.	PID	Registered Owner(s)	Charge Number
1.	028-352-963	Waneta Expansion General Partner Ltd.	CA1765894
2.	023-680-474	Sandra Diane Cimolai, Mark Allen Cimolai, Donna Marie Tennant, Grant Sorensen, Hugh Sorensen	CA5986424
3.	007-582-242	John George Urquhart, Cristine Dianne Urquhart	CA5986423
4.	016-429-826	Fredric Dennis Buckley, Janice Pamela Buckley	CA5986425

Ordinary Course Changes

The foregoing lists may be amended by Teck on notice to BC Hydro from time to time for any additions, amendments, replacements or deletions made in the ordinary course of maintaining and operating the Teck Transmission Assets as required by this Agreement.

Schedule B
Teck Wheeling Agreement

TECK METALS LTD.

- AND -

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

TECK WHEELING AGREEMENT

DATED <@>, 201●

Article 1 INTERPRETATION	1
1.1 Defined Terms.....	1
1.2 Gender and Number	9
1.3 Headings, etc.	9
1.4 Currency.....	9
1.5 Certain Phrases, etc.	10
1.6 Calculation of Time Periods.....	10
1.7 Statutory Instruments	10
1.8 Effect of this Agreement.	10
Article 2 WHEELING SERVICE.....	10
2.1 Wheeling Service	10
2.2 Preservation of Wheeling Service.....	12
2.3 Curtailments and Interruptions.....	13
2.4 Service Standards.	13
2.5 Wheeling Demand Nominations and Suspensions of Wheeling Service.....	15
2.6 Load-Resource Forecasts	16
Article 3 RATES AND PAYMENT.....	16
3.1 Wheeling Charge.....	16
3.2 Teck's O&M Share.	16
3.3 Invoicing.....	17
3.4 Interest.....	17
Article 4 FORCE MAJEURE	17
4.1 Force Majeure	17
Article 5 EVENTS OF DEFAULT.....	18
5.1 Events of Default.....	18
5.2 Rights on Events of Default	18
5.3 Early Termination of Lease Term due to Material Default.....	19
5.4 Transmission Assets Purchase under Transmission Agreement.....	19
Article 6 DISPUTE RESOLUTION.....	20
6.1 Disputes.....	20
6.2 Contract Representatives to Seek Resolution.....	20
6.3 Arbitration	20
6.4 Adjudication in Law and Equity	20
6.5 Shared Costs.....	20
Article 7 MISCELLANEOUS	20
7.1 Contract Representatives.....	20
7.2 Notices.....	20
7.3 Survival	21
7.4 Time of the Essence	22
7.5 Amendments.....	22
7.6 Waiver	22
7.7 Entire Agreement	22
7.8 No Transfer of Wheeling Facilities Without Agreements	22
7.9 No Assignment Without Consent.....	22

7.10 Permitted Assignment by Teck 22
7.11 Permitted Assignment by BC Hydro..... 23
7.12 Successors and Assigns..... 23
7.13 Severability..... 23
7.14 Governing Law..... 23
7.15 Further Assurances..... 24
7.16 Counterparts 24
Schedule A Import Scheduling Rights during the Wheeling Term 1
Schedule B Condition Assessment Report Scope of Work 1

TECK WHEELING AGREEMENT

THIS TECK WHEELING AGREEMENT made as of <@>, 2018 (the “**Effective Date**”),

BETWEEN:

TECK METALS LTD.
 (“**Teck**”)

AND:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
 (“**BC Hydro**”)

WHEREAS:

- A. Pursuant to the Transmission Agreement, Teck and BC Hydro have agreed that BC Hydro will purchase Line 71, Lines 14-17, Waneta Hydro Station, Emerald Switching Station and certain other associated transmission assets at the end of the term of the Lease and, in certain default circumstances, BC Hydro may acquire Line 71 and certain other associated transmission assets only prior to the end of the term of the Lease;
- B. Teck wishes to import, and have BC Hydro wheel, power on a firm basis across the Wheeling Facilities to Point of Delivery for the purpose of serving the load of the Industrial Operations, and BC Hydro has agreed to provide that service for such purpose on the terms and conditions set out herein;
- C. The wheeling service available to Teck under this Agreement is intended to replace the transmission rights available to Teck under the Line 71 Agreement in connection with its ownership of the Wheeling Facilities until the Waneta End Date, and is a condition of the sale by Teck to BC Hydro of its 2/3rd interest in the Waneta Assets pursuant to the 2017 Waneta Purchase Agreement and, ultimately, of Teck’s Line 71 and certain other transmission assets pursuant to the Transmission Agreement (the “**Teck Transmission Assets**”); and
- D. The Parties have entered into this Agreement as a condition of the completion of the transaction contemplated in the 2017 Waneta Purchase Agreement.

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements herein contained, each of the Parties covenants and agrees as follows:

ARTICLE 1
INTERPRETATION

- 1.1 **Defined Terms.** In addition to those terms used and defined elsewhere in this Agreement (including in the recitals) and as used in this Agreement, including any schedule hereto, the following terms have the following meanings:

- (a) **“2017 Waneta Purchase Agreement”** means the Waneta Purchase Agreement dated August 1, 2017 among BC Hydro, Teck Resources Limited, TCAI Incorporated and Waneta Holdings (US) Inc.
- (b) **“Affiliate”** in the case of a corporation, has the meaning specified in the Canada Business Corporations Act (Canada) and in the case of any other Person, means a Person that controls or is controlled by such other Person or is under the same or common control as that Person. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term “controlled” shall have a similar meaning.
- (c) **“Agreement”** means this Teck Wheeling Agreement and all schedules and exhibits hereto, and instruments in amendment or confirmation of it; and the expressions “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement.
- (d) **“Ancillary Services”** has the meaning specified in the OATT, and as of the Effective Date are: (i) Scheduling, System Control and Dispatch Service; (ii) Reactive Supply and Voltage Control from Generation or other Sources Services; (iii) Regulation and Frequency Response Service; (iv) Energy Imbalance Service; (v) Operating Reserve (OR) - Spinning Reserve Service; (vi) Operating Reserve (OR) - Supplemental Reserve Services; (vii) Loss Compensation Service; and (viii) Real Power Losses.
- (e) **“Applicable Laws”** means, at any given time, all applicable federal, state, provincial, municipal, local and foreign statutes, codes, ordinances, decrees, rules, regulations and by-laws, and judicial, executive, arbitral, administrative, ministerial, departmental or regulatory judgments, decrees, decisions, rulings, awards, policies, requirements, standards, guidelines, permits, licences, authorizations, approvals and orders, and all applicable common law, in each case having the force of law and in effect at that time.
- (f) **“BC System Operator”** means BC Hydro acting in its capacity as the control area operator (also known as the balancing authority) from time to time.
- (g) **“BCUC”** means the British Columbia Utilities Commission established pursuant to the *Utilities Commission Act* (British Columbia), or a successor thereto.
- (h) **“BC/US Boundary”** means, subject to Section 2.1(e), the international boundary between Canada (limited to the southern border of British Columbia) and the United States of America.
- (i) **“Business Day”** means any day of the year except Saturdays, Sundays and any statutory holiday in the Province of British Columbia.
- (j) **“Contract Representative”** has the meaning specified in Section 7.1.

- (k) “**Condition Assessment Report**” means a report prepared pursuant to Section 2.4(b) after completion of and reporting on the scope of work set out in Schedule B.
- (l) “**Contract Year**” means a full year, initially measured from the Service Commencement Date to the first anniversary of the Service Commencement Date, and to and from successive anniversaries thereafter until the Service Termination Date, and for greater certainty includes the partial year ending on the Service Termination Date.
- (m) “**CPA**” means the Second Amended and Restated 2005 Canal Plant Agreement dated for reference November 15, 2011 among Teck, BC Hydro and others, as amended [**as at the Effective Date**], as may be further amended, modified or restated from time to time.
- (n) “**Defaulting Party**” has the meaning specified in Section 5.1.
- (o) “**Dispute**” has the meaning specified in Section 6.1.
- (p) “**Dispute Notice**” has the meaning specified in Section 6.1.
- (q) “**Effective Date**” has the meaning specified on page 1 of this Agreement.
- (r) “**Eligible Costs**” means all operating, maintenance and sustaining capital costs, incurred by BC Hydro in undertaking work recommended by a Condition Assessment Report, or pursuant to the Wheeling Facilities Standard in response to an Emergency or an unplanned interruption or curtailment of the Wheeling Service, in each case consistent with Good Utility Practice, or as otherwise agreed to by Teck (acting reasonably) from time to time.
- (s) “**Emerald Switching Station**” means the 63 kV switching station at Warfield, B.C., (except only the harmonic filter banks and the disconnects, breakers and associated feeder lines from the switching station to the Industrial Operations).
- (t) “**Emergency**” means any condition where, whether by reason of a forced outage or concern for a forced outage, or otherwise, there is an imminent risk of equipment failure, or of danger to a Party’s personnel, the public or others, or an imminent risk of material damage to property or a risk to the security or reliability of the Wheeling Facilities or any other generation, transmission or distribution system interconnected with the Wheeling Facilities.
- (u) “**Event of Default**” has the meaning specified in Section 5.1.
- (v) “**Force Majeure**” means any act of God, civil disobedience, labour disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause which is beyond a Party’s reasonable control, but

does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure, or any failure by BC Hydro (to the extent such failure is owing to an act or omission of BC Hydro or its contractors, employees or agents) to own, operate, repair, maintain and preserve the Wheeling Facilities consistent with the Wheeling Facilities Standard unless such failure is as the result of an event or circumstance otherwise described in this paragraph.

- (w) “**FortisBC System**” means the interconnected generation and transmission facilities and related protection, control and communication equipment in British Columbia owned and/or operated by FortisBC Inc., including all additions and modifications thereto and repairs or replacements thereof.
- (x) “**Good Utility Practice**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the Western Electricity Coordinating Council region.
- (y) “**Governmental Authorizations**” means all of BC Hydro’s interests in material permits, licences and other authorizations from, or with, governmental entities relating to the Wheeling Facilities.
- (z) “**ICE Index**” means for any given day:
 - (i) for On-Peak hours, the Mid-C Peak Index, being the volume-weighted “average” price for Mid-C day ahead transactions in On-Peak hours in that day (or days where the index covers more than one day), as published in the ICE (Intercontinental Exchange) Day Ahead Power Price Report; and
 - (ii) for Off-Peak hours, the Mid-C Off-Peak Index, being the volume-weighted “average” price for Mid-C day ahead transactions in Off-Peak hours in that day (or days where the index covers more than one day), as published in the ICE (Intercontinental Exchange) Day Ahead Power Price Report,

as the case may be, and as such index may be amended, updated or revised from time to time.
- (aa) “**Import**” or “**Imports**” means the import of power from the United States to British Columbia.
- (bb) “**Import Scheduling Rights**” means the rights of Teck during the Wheeling Term as described in Schedule A to this Agreement.

- (cc) “**Industrial Operations**” means Teck’s metallurgical operations (which at present include a zinc refinery and lead smelter) at or near Trail and Warfield, British Columbia, and during the period of those operations any other co-located industrial and commercial operations, including the oxygen plant and other third party-owned facilities integrated into those operations.
- (dd) “**Lease**” means the lease agreement between BC Hydro and Teck dated <@>, 2018.
- (ee) “**Lease Term**” means the term of the Lease (including any renewal thereof), ending on the date when the Lease expires or is terminated earlier in accordance with its terms.
- (ff) “**Lien**” means, whether or not registered or registrable or recorded or recordable and regardless of how created or arising, any:
 - (i) mortgage, charge, pledge, lien, hypothec, assignment by way of security, lease, conditional sale or title retention agreement (including any capital lease), security created under the Bank Act (Canada) or any other encumbrance or security interest, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or otherwise, and any other interest in property or assets that secures payment or performance of any obligation;
 - (ii) claim, interest or estate against or in assets or property (whether real, personal, mixed, tangible or intangible), howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or otherwise, that secures performance of any obligation or payment to any Person; and
 - (iii) any agreements to create, or right capable of becoming, any of the foregoing.
- (gg) “**Lines 14-17**” means the four 63 kV transmission lines running between the Waneta Hydro Station and the Emerald Switching Station, including any upgrades or replacements thereof.
- (hh) “**Line 71**” means the 230 kV transmission line running from the Waneta Hydro Station to the Nelway substation and to the BC/US Boundary where it interconnects with the transmission system of Bonneville Power Administration, and includes any associated transformers, breakers and ancillary equipment, and upgrades or replacements thereof.
- (ii) “**Line 71 Agreement**” means the Line 71 Agreement between BC Hydro and Teck dated for reference April 15, 2002, as amended pursuant to the Line 71 Amending Agreement between those same parties dated for reference December 6, 2002, as may be further amended, modified or restated from time to time, or any replacement or successor agreement.

- (jj) **“Line 71 Purchase Trigger Date”** means the date on which BC Hydro becomes entitled to acquire Line 71 prior to the Waneta End Date under the Transmission Agreement.
- (kk) **“Material Lease Termination Event”** has the meaning specified in Section 5.3.
- (ll) **“NERC Holiday”** means any day designated as a holiday by the North American Electric Reliability Council or any successor organization or other applicable regional reliability organization.
- (mm) **“Nominated Wheeling Demand”** means, for a Contract Year, the maximum amount of Wheeling Service, up to 300 MW, to be provided by BC Hydro, determined in accordance with Sections 2.5(a), 2.5(b) and 2.5(c).
- (nn) **“Non-Defaulting Party”** has the meaning specified in Section 5.1(a).
- (oo) **“OATT”** means BC Hydro’s Open Access Transmission Tariff, or its successor or replacement, in each case as approved or amended by the BCUC from time to time.
- (pp) **“Off-Peak”** means hours ending (“HE”) 0100 through HE 0600 and HE 2300 through HE 2400 PPT and all hours on Sundays and NERC Holidays.
- (qq) **“On-Peak”** means hours ending (“HE”) 0700 through HE 2200 (16 hours per day) PPT, Monday through Saturday (6 days per week), excluding NERC Holidays.
- (rr) **“O&M Report”** has the meaning specified in Section 3.2(a).
- (ss) **“Parties”** means Teck and BC Hydro and any other Person who may become a party to this Agreement, and a **“Party”** shall mean any one of them.
- (tt) **“Permitted Encumbrances”** means
 - (i) Liens for Taxes, assessments or governmental charges or levies which are not delinquent;
 - (ii) Liens for Taxes, assessments or governmental charges or levies, the validity of which is being contested at the time by Teck in good faith by proper legal proceedings if, in BC Hydro’s reasonable opinion, adequate provision has been made for their payment;
 - (iii) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, material men, carriers and others in respect of the construction, maintenance, repair or operation of the Wheeling Facilities, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any of the Wheeling Facilities and in respect of which adequate holdbacks are being maintained by BC Hydro, as required by Applicable Laws; and

- (iv) the right reserved to or vested in any governmental entity pursuant to the original grant of title to the real properties, by any statutory provision or by the terms of any Governmental Authorization including rights to terminate any such Governmental Authorization or to require annual or other payments as a condition of their continuance; and
- (v) Liens granted by BC Hydro in favour of a Person, provided that such Person has agreed in writing with and in favour of Teck (such agreement to be in form and substance to the satisfaction of Teck acting reasonably), that such Liens rank subordinate in all respects to the interests of Teck and are subject to the terms of this Agreement, and that enforcement of its Liens shall be subject to the terms of this Agreement.
- (uu) **“Person”** means an individual, legal personal representative, corporation, body corporate, firm, partnership, trust, trustee, syndicate, joint venture, unincorporated organization, association or governmental entity.
- (vv) **“Planned Outages”** means outages that are planned by BC Hydro and are expected to impact the Wheeling Service.
- (ww) **“Point of Delivery”** means:
 - (i) from and after a Line 71 Purchase Trigger Date and until the Waneta End Date, the point of interconnection between Waneta Hydro Station and Line 71; and
 - (ii) from and after the Waneta End Date, the point of interconnection between Emerald Switching Station and the Industrial Operations.
- (xx) **“Point of Receipt”** means the BC/US Boundary.
- (yy) **“PPT”** means the prevailing time in the Pacific time zone.
- (zz) **“Prime Rate”** means, on any date, the annual rate of interest publicly announced from time to time by the Royal Bank of Canada at its principal office in Vancouver, British Columbia as its reference rate for determining floating rates of interest for loans made by it in Canadian dollars to Canadian borrowers and as to which from time to time a certificate of an officer of the Royal Bank of Canada shall be conclusive evidence.
- (aaa) **“Received Power”** means, in any hour, energy scheduled by or on behalf of Teck from the Point of Receipt to the Point of Delivery that is associated with an E-tag, as received by the BC System Operator, indicating the Industrial Operations as the energy sink.
- (bbb) **“Receiver”** means a receiver, receiver and manager, receiver-manager, custodian, trustee in bankruptcy, liquidator, monitor, court or any Person with like powers.
- (ccc) **“Regulatory Support”** means:

- (i) an order made by the BCUC approving this Agreement; or
 - (ii) such other regulatory support as the Parties may mutually agree upon.
- (ddd) **“Scheduling, Service Control and Dispatch Service”** has the meaning given to that term in the OATT.
- (eee) **“Service Commencement Date”** means, if there is a Line 71 Purchase Trigger Date under the Transmission Agreement, the Line 71 Purchase Trigger Date, and otherwise, subject to Section 2.1(f), means the Waneta End Date.
- (fff) **“Service Termination Date”** means the earliest of:
- (i) the date specified by Teck in a notice of termination delivered to BC Hydro, which date is no less than thirty (30) days after the date of receipt by BC Hydro;
 - (ii) the date the Industrial Operations cease in perpetuity to require a source of power, which date, for certainty, will come after any period following closure of the Industrial Operations but during which period salvage, remediation or other decommissioning work is undertaken;
 - (iii) a Material Lease Termination Event; and
 - (iv) the date on which this Agreement is terminated pursuant to Section 5.4(b).
- (ggg) **“Tax”** and **“Taxes”** means any or all Canadian federal, provincial, local or foreign (i.e., non-Canadian) income, gross receipts, real property gains, goods and services, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add on minimum, or other taxes, levies, governmental charges or assessments of any kind whatsoever.
- (hhh) **“Teck Import Schedules”** means Teck’s schedules for the import of power from the United States of America to British Columbia using the Import Scheduling Rights.
- (iii) **“Teck’s O&M Share”** has the meaning specified in Section 3.2(b).
- (jjj) **“Teck Transmission Assets”** has the meaning given to that term in Recital C.
- (kkk) **“Transmission Agreement”** means the Waneta transmission agreement between BC Hydro and Teck dated as of the Effective Date.
- (lll) **“Transmission-Related Agreements”** means this Agreement, the Transmission Agreement and the Waneta Interconnection Agreement.

- (mmm) “**Waneta Assets**” has the meaning specified in the 2017 Waneta Purchase Agreement.
- (nnn) “**Waneta End Date**” means the date on which the Lease expires or is otherwise terminated in accordance with its terms.
- (ooo) “**Waneta Hydro Station**” means the 63/230kV substation located next to the Waneta Plant connecting its generators to, among other things, Line 71 and Lines 14-17, except (A) those parts of the Waneta Hydro Station that are part of the Waneta Assets; and (B) those parts of Line 18 within the Waneta Hydro Station.
- (ppp) “**Waneta Interconnection Agreement**” means the Waneta interconnection agreement between BC Hydro and Teck dated as of the Effective Date.
- (qqq) “**Wheeling Charge**” has the meaning specified in Section 3.1.
- (rrr) “**Wheeling Contracts**” means if and when entered into, crossing agreements with BNSF Railway Company over PID 016-708-628 and with Canadian Pacific Ltd. (now Canadian Pacific Railway Company) over PID 007-821-069.
- (sss) “**Wheeling Facilities**” means:
- (i) if the acquisition by BC Hydro of Line 71 prior to the Waneta End Date is triggered under the Transmission Agreement, Line 71; and
 - (ii) in any case after the Waneta End Date, Line 71, the Waneta Hydro Station, Lines 14-17, and Emerald Switching Station.
- (ttt) “**Wheeling Facilities Real Property Interests**” means all of BC Hydro’s interests in real property relating to the Wheeling Facilities, including the Wheeling Contracts.
- (uuu) “**Wheeling Facilities Standard**” has the meaning specified in Section 2.4(a).
- (vvv) “**Wheeling Service**” means the wheeling service to be provided to Teck pursuant to and as described in Sections 2.1, 2.3 and 2.5.
- (www) “**Wheeling Term**” means the time period commencing on the Service Commencement Date and ending on the Service Termination Date.

1.2 Gender and Number. Any reference in this Agreement to gender includes all genders, and words importing the singular number only shall include the plural and vice versa.

1.3 Headings, etc. The provision of a table of contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

1.4 Currency. All references in this Agreement to dollars, unless otherwise specifically indicated, are expressed in Canadian currency.

- 1.5 Certain Phrases, etc.** In this Agreement (i) the words “including” and “includes” mean “including (or includes) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”, and (iii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.
- 1.6 Calculation of Time Periods.** Except for time periods expressed in calendar months or years or partial calendar months or years, or the Service Termination Date, if the last day of a time period is not a Business Day, the time period shall end on the next Business Day.
- 1.7 Statutory Instruments.** Unless otherwise specifically provided in this Agreement, any reference in this Agreement to any Applicable Laws shall be construed as a reference to such Applicable Laws as amended or re-enacted from time to time or as a reference to any successor thereto.
- 1.8 Effect of this Agreement.** The Parties acknowledge that BC Hydro has obligations under the OATT to provide transparent non-discriminatory transmission service and that the obligation of BC Hydro to provide the Wheeling Service under this Agreement represents an exception to its obligations under the OATT that is justified because it serves the public interest as determined by the BCUC. Accordingly, the Parties acknowledge that BC Hydro will provide the Wheeling Service, but will attempt to do so in a manner that does not interfere with the rights of its customers to receive service under the OATT. The Parties also acknowledge that BC Hydro will publish (including in the system(s) BC Hydro uses to advise third parties of the amount of transmission capacity available for exports and imports of power) any business practices that it develops specific to the Wheeling Service to be provided pursuant to this Agreement. For greater certainty, to the extent of any inconsistency between BC Hydro’s obligations as a service provider under the OATT and business practices developed thereto, and its obligations to provide the Wheeling Service under this Agreement, BC Hydro’s obligations under this Agreement will prevail.

ARTICLE 2 WHEELING SERVICE

2.1 Wheeling Service

- (a) Subject to the terms and conditions of this Agreement, BC Hydro shall, during the Wheeling Term and to the extent of the Import Scheduling Rights, wheel Received Power over the Wheeling Facilities from the Point of Receipt to the Point of Delivery. The Wheeling Service will be effected by the acceptance and implementation by BC Hydro of the Teck Import Schedules in accordance with the Import Scheduling Rights.
- (b) For clarity, Teck may only use Received Power for the purposes of compensating BC Hydro for transmission losses as provided for in Section 2.1(d) or for the

Industrial Operations, and for no other purpose (including the trading or marketing of electricity or the resale of transmission rights or capacity to third parties).

- (c) In connection with Teck Import Schedules, Teck will be responsible for obtaining and shall obtain during the Wheeling Term any Ancillary Services then required in connection with wheeling electricity to supply the Industrial Operations using this Agreement, except that:
- (i) BC Hydro will provide to Teck, at tariff rates, Scheduling, System Control and Dispatch Service;
 - (ii) BC Hydro will provide to Teck, at no cost to Teck, Reactive Supply and Voltage Control from Generation or other Sources Services;
 - (iii) if requested by Teck after the Waneta End Date, BC Hydro will then provide to Teck, at no cost to Teck, Regulation and Frequency Response Service;
 - (iv) Teck's share of transmission losses will be calculated as set out in Section 2.1(d), and Schedule 10 of the OATT providing for Real Power Losses will not apply; and
 - (v) except as otherwise agreed by the Parties, if requested by Teck, BC Hydro will provide to Teck, at tariff rates, such other Ancillary Services as Teck requests.
- (d) Teck's share of transmission losses associated with the Wheeling Service in any month, in respect of the Wheeling Facilities, will be 0.23% of Received Power. Teck shall compensate BC Hydro for Teck's share of transmission losses either, at Teck's option, with energy in kind or with a cash equivalent payment based on the average of the daily ICE Indices (averaging On-Peak and Off-Peak indices each day, based on the number of On-Peak and Off-Peak hours in the day) for the applicable month. The Parties shall develop an operating procedure to determine the applicable methodology for transmission loss accounting and settlement for purposes of this provision.
- (e) In the event BC Hydro's business practices for the transmission of electricity between British Columbia and the United States of America or across the BC/US Boundary change to incorporate geographic divisions, zones or paths, then the Import Scheduling Rights will be limited to the geographic division, zone or path of which Line 71 is a part.
- (f) For greater certainty, if the Waneta End Date occurs as a result of a Material Lease Termination Event, BC Hydro will have no obligation to provide Wheeling Service or any other services under this Agreement.

2.2 Preservation of Wheeling Service.

- (a) BC Hydro shall use its reasonable commercial efforts during the Wheeling Term to maintain in effect the Governmental Authorizations, the Wheeling Facilities Real Property Interests and the Regulatory Support. If at any time during the Wheeling Term it appears to BC Hydro that there is a material risk of termination of any of the Governmental Authorizations, the Wheeling Facilities Real Property Interests or the Regulatory Support, BC Hydro shall promptly advise Teck, and the Parties shall cooperate, acting reasonably, to maintain the Governmental Authorizations, Wheeling Facilities Real Property Interests and Regulatory Support in effect. At Teck's option, BC Hydro will use its best efforts during the Wheeling Term to maintain the Governmental Authorizations, Wheeling Facilities Real Property Interests and Regulatory Support in effect, provided BC Hydro need not incur costs and expenses in connection therewith for its own account unless Teck agrees that those costs and expenses shall constitute Eligible Costs.
- (b) Subject to Sections 2.2(c), BC Hydro shall not during the Wheeling Term use the Wheeling Facilities or sell, transfer or otherwise dispose of any rights or interest in the Wheeling Facilities:
- (i) in any manner that could prevent BC Hydro from providing the Wheeling Service; and
 - (ii) without first requiring the purchaser or transferee to first enter into an agreement with Teck, acceptable to Teck acting reasonably, pursuant to which the purchaser or transferee agrees to assume BC Hydro's obligations to Teck hereunder to the extent of the transferred interest;

except that nothing in this Section 2.2(b) shall operate to prevent BC Hydro from selling, transferring or disposing of all of its rights and interest in and to the Wheeling Facilities to an Affiliate of BC Hydro, without the consent of Teck, provided that such Affiliate, in conjunction with such sale, transfer or disposition, assumes all of BC Hydro's obligations under this Agreement.

- (c) BC Hydro may propose at any time during the Wheeling Term an upgrade to the Wheeling Facilities (each, a "**Facilities Upgrade**"). The Parties will meet to discuss and agree on mutually acceptable arrangements for completion of a proposed Facilities Upgrade, including responsibility for completion of the Facilities Upgrade and allocation of the costs of the Facilities Upgrade and use of any resulting increase in capacity, and any such Facilities Upgrade will form part of the Wheeling Facilities. If BC Hydro has proposed a Facilities Upgrade, but the Parties are unable to agree on such mutually acceptable arrangements, BC Hydro may nevertheless proceed with the Facilities Upgrade provided it does not diminish or alter Teck's rights hereunder unless Teck has been adequately compensated therefor.

- (d) For greater certainty, after BC Hydro acquires Line 71, BC Hydro may, in its sole discretion, decommission and/or remove the portion of Line 71 from the BC/US Boundary to Nelway provided it does not diminish Teck's rights hereunder.

2.3 Curtailments and Interruptions.

- (a) Subject to the limitations forming part of the Import Scheduling Rights, the Wheeling Service is a firm transmission service and BC Hydro will not curtail, interrupt or suspend the Wheeling Service except:
 - (i) in the event of:
 - (A) an Emergency;
 - (B) a Planned Outage scheduled pursuant to Section 2.3(b); or
 - (C) Force Majeure;but in each case, BC Hydro may curtail or interrupt Teck's Imports only to the extent permitted by Section 5 of the Import Scheduling Rights; or
 - (ii) pursuant to Section 2.5(d) for the duration of the applicable Suspension Period; or
 - (iii) for greater certainty, if BC Hydro has disconnected the BC Hydro system from Teck's system at the Point of Delivery pursuant to the Waneta Interconnection Agreement, until the systems are reconnected.

BC Hydro shall provide prompt notice to Teck of any curtailment, interruption or suspension.

- (b) BC Hydro shall schedule all Planned Outages of the Wheeling Facilities during the Wheeling Term in consultation with Teck. In addition, and without limiting the foregoing, BC Hydro will give Teck at least 60 days' notice of all Planned Outages, unless the Parties agree to a shorter notice period. BC Hydro will use reasonable commercial efforts to ensure that Planned Outages will be of minimal frequency and duration and cause minimal inconvenience to the provision of the Wheeling Service consistent with the Wheeling Facilities Standard and Good Utility Practice.
- (c) At the request of either Party, Teck and BC Hydro shall establish an operating procedure, or amend existing operating procedures, to better describe the protocols and procedures to be followed pursuant to this Section 2.3.

2.4 Service Standards.

- (a) During the Wheeling Term, BC Hydro shall own, operate, repair, maintain and preserve the Wheeling Facilities, and maintain the capability of the Wheeling Facilities to provide the Wheeling Service, as would a prudent owner acting in

accordance with Applicable Laws, the Governmental Authorizations and Good Utility Practice, and in material compliance with applicable contracts to which BC Hydro is bound, on the basis that, collectively, the Wheeling Facilities are required to supply a large industrial customer and for which no system redundancies or alternate supply options exist (except to the extent alternate transmission paths are available to Teck under the CPA Subagreement or other transmission facility sharing arrangements) and on the basis that the Wheeling Facilities will be maintained and sustained as a whole (but not necessarily any individual component) indefinitely (“**Wheeling Facilities Standard**”).

- (b) Without limiting Section 2.4(a), BC Hydro shall, during the Wheeling Term, engage:
 - (i) a duly qualified professional to complete a visual inspection of the Wheeling Facilities consistent with BC Hydro’s standard practices; and
 - (ii) a duly qualified professional engineer nominated by BC Hydro, and agreed to by Teck acting reasonably, to complete and provide to both BC Hydro and Teck a Condition Assessment Report of the Wheeling Facilities at least every eight years (provided it shall be acceptable for BC Hydro to stagger the work necessary for preparation of such Condition Assessment Report among Lines 14-17, Line 71, Emerald Switching Station and the Waneta Hydro Station provided each component of the Wheeling Facilities is assessed at least every eight years).

and the costs associated with all such engagements shall be deemed to be Eligible Costs. From time to time, acting reasonably, the Parties will revisit whether the scope or nature of, or, despite Section 2.4(b)(ii) above, the frequency of engagement of a duly qualified professional engineer to complete, periodic Condition Assessment Reports, can be adjusted in light of then-prevailing best practices in the industry, with a view to reducing the costs associated with such engagement, provided always that any such adjustment shall not, in BC Hydro’s opinion (reasonably formed), impair BC Hydro’s ability to meet the Wheeling Facilities Standard.

- (c) Without limiting Section 2.4(a), if there are more than two instances where the Wheeling Service is interrupted or curtailed during any 12 month period during the Wheeling Term for reasons other than an event or events described in Section 2.3(a)(i)(B), then at Teck’s request, the Parties shall meet to discuss and agree on measures, acting reasonably, to be taken by BC Hydro to improve the performance of the Wheeling Facilities consistent with the Wheeling Facilities Standard. For clarity, this Section 2.4(c) shall not apply to any suspension of the Wheeling Service pursuant to Section 2.5(d).

2.5 Wheeling Demand Nominations and Suspensions of Wheeling Service

- (a) The initial Nominated Wheeling Demand for each Contract Year is 227 MW, being the amount of the peak load of the Industrial Operations as of the Effective Date of this Agreement.
- (b) Teck may, for any Contract Year, increase the Nominated Wheeling Demand by:
 - (i) no more than 25MW, up to a maximum of 300MW, upon written notice to BC Hydro given no less than one year in advance of the first day of the applicable Contract Year; or
 - (ii) more than 25MW, up to a maximum of 300MW, upon written notice to BC Hydro given no less than two years in advance of the first day of the applicable Contract Year,

in each case, to the amount reasonably required for the purposes of serving the anticipated load of the Industrial Operations.

- (c) Teck will, for any Contract Year, decrease the Nominated Wheeling Demand at any time prior to the commencement of the Contract Year to the amount reasonably required for the purposes of serving the anticipated load of, and possible increases in load from existing facilities forming part of, the Industrial Operations.
- (d) From time to time, and notwithstanding the applicable Nominated Wheeling Demand, Teck may, by giving reasonable advance notice to BC Hydro (which for greater certainty would not be required more than six months in advance), elect to suspend the Wheeling Service for a period of not less than 12 months' duration (a "**Suspension Period**"). During any Suspension Period:
 - (i) despite the provisions of Section 2.1, BC Hydro shall be relieved of its obligation to provide the Wheeling Service; and
 - (ii) despite the provisions of Section 3.1, Teck shall be relieved of its obligation to pay the Wheeling Charge.

Teck may terminate a Suspension Period and resume the Wheeling Service at the Nominated Wheeling Demand at the time of the suspension, subject to any increases or decreases in the Nominated Wheeling Demand made by Teck during the Suspension Period in accordance with Sections 2.5(b) or 2.5(c), upon written notice to BC Hydro given no less than one year in advance. During a Suspension Period, Teck will remain obligated to provide the forecasts required under Section 2.6.

- (e) If, upon written notice to BC Hydro given in advance of a Contract Year, Teck requests an increase in the Nominated Wheeling Demand for that Contract Year after the date for providing notice of an increase for the Contract Year is required

pursuant to Section 2.5(b)(ii), BC Hydro will increase the Nominated Wheeling Demand (up to a maximum 300 MW) starting on the first day of that Contract Year if and to the extent that there is sufficient transmission capacity to accommodate the increase available on the transmission path of which the Wheeling Facilities form part. In order to request such an increase, Teck must submit a reservation for the applicable increase in the system(s) BC Hydro uses to advise third parties of the amount of transmission capacity available for exports and imports of power, and provide written notice under this Agreement to BC Hydro of the requested increase. For greater certainty, any Wheeling Service provided by BC Hydro in response to such reservation shall be provided pursuant to the terms of this Agreement.

2.6 Load-Resource Forecasts

On or before the date that is six months after the first day of each Contract Year, Teck shall provide BC Hydro with a forecast for the next ten Contract Years of the anticipated load of the Industrial Operations and Teck's resource plan to meet the load requirements of the Industrial Operations. Each such forecast shall include programs for resource acquisition, transmission, and firm loads, to the extent then determined by Teck, and shall contain such detail as BC Hydro may reasonably require for purposes of planning. While Teck will use reasonable efforts to provide accurate information, any information provided by Teck will be relied on by BC Hydro at its sole risk and Teck will have no liability for any inaccuracy in the information provided.

Any information provided by Teck pursuant to this Section 2.6 will be considered confidential, whether expressly designated as such or not, and shall be kept confidential by BC Hydro and not disclosed to any third party, except as Teck otherwise agree or as required by law. If BC Hydro is required by law to disclose such confidential information, BC Hydro will promptly notify Teck and will protect the confidential information to the extent reasonably possible.

ARTICLE 3 RATES AND PAYMENT

3.1 Wheeling Charge. The charge applicable to the Wheeling Service (the "**Wheeling Charge**") shall be equal to \$1/month during the Wheeling Term plus Teck's O&M Share.

3.2 Teck's O&M Share.

- (a) BC Hydro shall deliver to Teck a detailed accounting of the Eligible Costs in respect of the Wheeling Facilities for each Contract Year of the Wheeling Term (each, an "**O&M Report**").
- (b) Teck's share ("**Teck's O&M Share**") of the O&M Cost (as defined below) from each O&M Report shall be calculated as follows:

$$\text{Teck's O\&M Share} = \frac{\text{Nominated Wheeling Demand}}{\text{Nominated Wheeling Demand}} \times \text{O\&M Cost}$$

(for the Contract Year covered
by the O&M Report)

370 x 2

where “O&M Cost” means the total Eligible Costs in the O&M Report.

3.3 **Invoicing.**

BC Hydro shall deliver to Teck invoices for amounts payable under this Agreement as follows:

- (a) at the same time as BC Hydro delivers to Teck an O&M Report, an invoice for the Wheeling Charge (plus any additional amounts that may then be payable under Section 5.4(a), plus applicable taxes, for the year to which the O&M Report relates; and
- (b) on a monthly basis and consistent with OATT business practices applicable to invoicing, an invoice for Ancillary Services and for Teck’s share of transmission losses associated with the Wheeling Service, plus applicable taxes.

Teck shall pay each such invoice no later than 30 days after its receipt by Teck.

3.4 **Interest.**

Interest will accrue and be due and payable on any amounts owing by Teck to BC Hydro under this Agreement, calculated from the dates that the amounts became due and owing (or from the date of the applicable invoice, if later), and will be payable at the Prime Rate, plus 3 percent per annum.

ARTICLE 4 FORCE MAJEURE

- 4.1 Force Majeure.** A Party shall not be considered in breach of its obligations hereunder to the extent it is prevented or delayed in performing one or more of its obligations hereunder by Force Majeure. A Party relying upon Force Majeure shall give prompt written notice to the other Party of any such Force Majeure and shall, if the Party is BC Hydro and the Force Majeure relates to the Wheeling Service, use efforts consistent with the Wheeling Facilities Standard, and in all other cases or if the Party is Teck all commercially reasonable efforts, to mitigate the effect of the Force Majeure. Where a time or period of time is stipulated for the performance of any obligation and Force Majeure has been relied upon as delaying such performance, the time or period of time for such performance shall be extended by the length of time the Force Majeure operates to delay or prevent such performance.

**ARTICLE 5
EVENTS OF DEFAULT**

5.1 Events of Default. A Party shall be in default under this Agreement (and thereby become a “**Defaulting Party**”) upon the occurrence of any of the following events (each an “**Event of Default**”):

- (a) the Party fails to pay in whole or in part when due any payment required by that Party to be paid pursuant to this Agreement if such failure is not remedied within thirty (30) days after written notice of such failure is given to that Party by the other Party (the “**Non-Defaulting Party**”);
- (b) the Party is in material default of or material breach of any of its obligations to be performed or observed under this Agreement, other than those addressed by Section 5.1(a), and:
 - (i) in the case of a material default or breach that is capable of being corrected within 45 days after receipt of notice of the material default or breach, the material default or breach is not corrected within 45 days after receipt by that Party of notice of the material default or breach from the Non-Defaulting Party; and
 - (ii) in the case of other material defaults or breaches that are capable of being corrected, the Party receiving notice of the material default or breach from the Non-Defaulting Party fails to use its reasonable commercial efforts to diligently pursue correction to completion;
- (c) the Party or any Receiver in respect of that Party disclaims or otherwise terminates all or any part of this Agreement; or
- (d) if that Party is BC Hydro and a Person holding a Permitted Encumbrance set forth in Section 1.1(rr)(v) takes possession during the Wheeling Term of any material portion of the Wheeling Facilities or otherwise purports to exercise any remedy to which such Person is entitled under such Permitted Encumbrance that Teck determines, acting reasonably, negatively and materially impacts Teck’s use of and flexibility in respect of the Wheeling Service, or in contravention of any agreement between Teck and that Person as contemplated by Section 1.1(rr)(v).

5.2 Rights on Events of Default.

If an Event of Default occurs, the Non-Defaulting Party may at its option upon written notice to the Defaulting Party, exercise any or all of the following rights and remedies, which shall be cumulative and without prejudice to any other rights that the Non-Defaulting Party may have, including under this Agreement or Applicable Law:

- (a) in the case where Teck is the Defaulting Party, BC Hydro may claim damages for the default or breach;

- (b) in the case where Teck is the Defaulting Party pursuant to Section 5.1(a) or 5.1(c), BC Hydro may terminate or suspend its obligations under this Agreement on notice to Teck; and
- (c) in the case where BC Hydro is the Defaulting Party, Teck may:
 - (i) claim damages for the default or breach; and
 - (ii) terminate this Agreement on notice to BC Hydro.

5.3 Early Termination of Lease Term due to Material Default

If the Waneta End Date has occurred as a result of the early termination of the Lease, and the material breach by Teck giving rise to the early termination of the Lease was due to:

- (a) a willful default by Teck; or
- (b) Teck or any receiver in respect of Teck disclaiming or otherwise terminating the Lease,

in either case with the intention, in whole or in part, of obtaining a cheaper source of power (a “**Material Lease Termination Event**”), BC Hydro may by notice to Teck terminate this Agreement and shall thereafter have no obligation to provide the Wheeling Service to Teck.

5.4 Transmission Assets Purchase under Transmission Agreement

- (a) If BC Hydro has an unsatisfied claim for damages resulting from any losses suffered by BC Hydro as a result of an event resulting in a Line 71 Purchase Closing under the Transmission Agreement, after taking into account any reductions in the purchase price for the Line 71 Assets as permitted under the Transmission Agreement as a result (which for this purpose includes the gross amount of any claim compromised through insolvency proceedings), Teck shall pay an amount for the Wheeling Service in accordance with BC Hydro’s then-applicable tariff for wheeling services of an equivalent nature until such claim is satisfied. The difference between the Wheeling Charge under this Agreement (but for the unsatisfied claim) and the amount paid under BC Hydro’s then-applicable tariff shall be applied against such unsatisfied claim until satisfied.
- (b) If payments under Section 5.4(a) would be insufficient (as determined by BC Hydro acting reasonably) to pay any unsatisfied claim for damages within 2 years of the acquisition by BC Hydro of the Line 71 Assets under the Transmission Agreement, BC Hydro may by at least 60 days’ notice to Teck (during which Teck may pay the unsatisfied claim and the notice will be rescinded) terminate this Agreement and shall thereafter have no obligation to provide the Wheeling Service.

ARTICLE 6 DISPUTE RESOLUTION

- 6.1 Disputes.** Except as provided in section 6.3 of Schedule A, if any dispute, question or difference of opinion between the Parties arises out of or under the Agreement (“**Dispute**”), then a Party may give to the other Party a notice (“**Dispute Notice**”) specifying the Dispute and requiring its resolution under this Article 9. All Disputes must be resolved in accordance with the provisions of this Article 9, provided however, that any Party may apply to a court of competent jurisdiction for any interim relief by way of restraining order, injunction or other equitable remedy.
- 6.2 Contract Representatives to Seek Resolution.** If the Dispute is not resolved within 10 Business Days after a Dispute Notice is given to the other Party, each Party shall refer the Dispute to its Contract Representatives for resolution.
- 6.3 Arbitration.** If the Dispute is not resolved within 20 Business Days of the Dispute being referred to the Contract Representatives, then the Dispute shall be referred for final and binding arbitration administered by the British Columbia International Commercial Arbitration Centre pursuant to its Rules for Domestic Commercial Arbitration Proceedings. The number of arbitrators shall be one. The place of arbitration shall be Vancouver, British Columbia, Canada. The language used shall be English.
- 6.4 Adjudication in Law and Equity.** The arbitrator must adjudicate the dispute, and may grant remedies, in both law and equity.
- 6.5 Shared Costs.** Each Party shall bear its own costs of legal representation and presentation of its case. The other costs of the arbitration, including the fees and expenses of the arbitrator and administrative fees and charges, shall be shared equally by the Parties.

ARTICLE 7 MISCELLANEOUS

- 7.1 Contract Representatives.** To assist with the administration of this Agreement and the resolution of Disputes, if any, each Party shall nominate a representative from its management to be responsible for the administration of this Agreement (each, a “**Contract Representative**”). Each Party may change its Contract Representative from time to time by written notice to the other Party in accordance with Section 7.2. A Contract Representative may delegate his or her role to another management representative in the event of an absence or another reason preventing the Contract Representative from carrying out his or her role by written notice to the other Party in accordance with Section 7.2.
- 7.2 Notices.** Any notice, direction or other communication given under this Agreement shall be in writing and given by delivering it or sending it by facsimile or other similar form, unless otherwise provided, of recorded communication addressed:

(a) To BC Hydro at:

British Columbia Hydro and Power Authority

●

Vancouver, BC ●

Attention: ●

Fax: ●

With a copy to:

●

●

Vancouver, BC ●

Attention: ●

Fax: ●

(b) To Teck at:

Teck Metals Ltd.

Suite 3300, 550 Burrard Street

Vancouver, BC V6C 0B3

Attention: Corporate Secretary

Fax: 604 699-4729

With a copy to:

Fasken Martineau

Suite 2900, 550 Burrard Street

Vancouver, BC V6C 0A3

Attention: Ron Ezekiel

Fax: 604 632-4708

Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Vancouver time) and otherwise on the next Business Day, or (ii) if transmitted by facsimile or similar means of recorded communication on the date of such transmission if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Vancouver time) and otherwise on the next Business Day. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

7.3 **Survival.** Article 1, Article 3, Article 6 and Article 7 shall survive the termination of this Agreement.

7.4 Time of the Essence. Time shall be of the essence of this Agreement and every provision hereof.

7.5 Amendments. This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Parties.

7.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar); nor shall such waiver be binding unless executed in writing by the Party to be bound by the waiver. No failure on the part of either Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

7.7 Entire Agreement. This Agreement together with all ancillary agreements referred to herein constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties.

7.8 No Transfer of Wheeling Facilities Without Agreements

BC Hydro may not during the Wheeling Term sell, exchange, transfer, assign, gift, or otherwise alienate any or all of the Wheeling Facilities, other than in the ordinary course of operating, repairing and maintaining the Wheeling Facilities, without concurrently assigning to the purchaser or transferee all of or a corresponding interest in BC Hydro's interest in the Transmission-Related Agreements in accordance with the applicable requirements of those agreements, and without the purchaser or transferee first entering into an agreement with Teck pursuant to which the purchaser or transferee agrees with Teck to assume all of or a corresponding interest in BC Hydro's obligations pursuant to the Transmission-Related Agreements.

7.9 No Assignment Without Consent

Without limiting any specific restrictions on disposal of assets or rights set out elsewhere in this Agreement, and subject to Section 7.11, neither Party may sell, assign or otherwise transfer this Agreement or the other Transmission-Related Agreements, or any of its rights, obligations or liabilities under the Transmission-Related Agreements, to any other Person unless all such rights, obligations and liabilities under the Transmission-Related Agreements are assigned, and then only with the prior consent in writing of the other Party.

7.10 Permitted Assignment by Teck

Notwithstanding Section 7.9, Teck will be entitled to assign its interest in this Agreement, upon notice to and without the consent of BC Hydro:

- (a) in the course of a bona fide internal reorganization of Teck's Industrial Operations amongst Teck and its Affiliates as long as Teck's Industrial Operations and the Teck Transmission Assets continue to be owned and operated by Teck or by its Affiliates following the reorganization;
- (b) to a purchaser of Teck's Industrial Operations, in conjunction with and contemporaneously with the sale of all of Teck's Industrial Operations and the Teck Transmission Assets to the same purchaser; or
- (c) to a purchaser of Teck's Industrial Operations, in conjunction with and contemporaneously with the sale of all of Teck's Industrial Operations to the same purchaser, at any time after the acquisition by BCH of the Teck Transmission Assets,

provided in each case the assignee is capable of performing all of Teck's obligations pursuant to the Transmission-Related Agreements.

If:

- (d) Teck assigns its interest in this Agreement with the consent of BC Hydro or as permitted by this Section 7.10; and
- (e) the creditworthiness of the transferee or of its guarantor (if any) of the transferee's obligations under this Agreement (whichever creditworthiness is better), is equal to or better than the creditworthiness of Teck or its guarantor, if any at the applicable time (whichever creditworthiness is better),

then Teck shall be relieved of its obligations under this Agreement.

7.11 Permitted Assignment by BC Hydro

Notwithstanding Section 7.9, BC Hydro will be entitled to assign its interest in this Agreement together with a permitted assignment of its interest in the other Transmission-Related Agreements to a purchaser of the Wheeling Facilities, with no further consent from Teck required, provided the assignee is capable of performing BC Hydro's obligations pursuant to the Transmission-Related Agreements.

7.12 Successors and Assigns.

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

7.13 Severability. If any provision of this Agreement shall be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

7.14 Governing Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of

Canada applicable therein. Each Party hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia with respect to any matter arising under or related to this Agreement.

7.15 Further Assurances. The Parties agree to use all reasonable efforts to execute and deliver all such other and additional instruments or documents and to do all such other acts and things as may be necessary to give full effect to this Agreement.

7.16 Counterparts. This Agreement may be executed in counterparts and be returned by fax or email with a PDF attachment, each of which when executed and delivered shall constitute an original, and all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF each of the Parties has executed and delivered this Agreement.

TECK METALS LTD.

By: _____
Name:
Title:

By: _____
Name:
Title:

**BRITISH COLUMBIA HYDRO AND
POWER AUTHORITY**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Import Scheduling Rights during the Wheeling Term

1. DEFINITIONS

1.1 In this Schedule A:

- (a) References to sections are references to sections of this Schedule A, except where otherwise stated;
- (b) “BC Hydro’s Business Practices” means the business practices, such as procedures and timelines, adopted and followed by BC Hydro in its dealings with third parties, which includes its own generation business unit, respecting their use of BC Hydro’s transmission services;
- (c) “Boundary Station” or “BDY” means the Bonneville Power Administration’s Boundary Station.
- (d) “Nelway Loop” means the 230 kV conductor, poles and associated facilities, including disconnect switch 2D26 and the 230 kV bus between disconnect switch 2D26 and the Line 71 terminals to WHS and to BDY in Nelway Substation, to loop Line 71 from its existing right of way to the Nelway Substation and back to such existing right of way. With the exception of the aforementioned disconnect switch 2D26 and the aforementioned 230 kV bus, the Nelway Loop will not include any other facilities located within Nelway Substation. For certainty, the Nelway Loop will form part of Line 71.
- (e) “Nelway Substation” or “NLY” means BC Hydro’s Nelway Substation and does not include any related BC Hydro property or rights-of-way related to such substation.
- (f) “Released Scheduling Rights” means the portion of Teck’s Import Scheduling Rights released to BC Hydro pursuant to section 3.3;
- (g) “United States” means the United States of America; and
- (h) “WHS” means the Waneta Hydro Station.

1.2 Capacity

If the capacity of Line 71 is limited by thermal considerations, the capacity of the Wheeling Facilities, expressed in watts (W), is based on the following equation:

$$W = 1.73 \times I \times V \times PF,$$

where I = current (amps) limit of Line 71;
V = nominal phase to phase voltage = 230,000 volts;
PF = power factor = 0.96.

2. IMPORT SCHEDULING RIGHTS

2.1 Reservation of Transmission Capacity

Subject to the terms of this Agreement, BC Hydro will reserve for use by Teck sufficient transmission capacity for the implementation of Teck Import Schedules (less any Released Scheduling Rights) and publish such reservation in the system(s) BC Hydro uses to advise third parties of the amount of transmission capacity available for exports and imports of power.

2.2 Availability of Capacity

Subject to the terms of this Agreement, BC Hydro will ensure that transmission capacity is available for Teck Import Schedules (less any Released Scheduling Rights) in the amount required to meet BC Hydro's obligations under this Agreement. However, if the capacity of the BC Hydro system is limited due to an event that BC Hydro could not reasonably have anticipated nor controlled and which is of such magnitude that it might affect BC Hydro's obligations, as a transmission provider, to manage and maintain the overall reliability of the transmission system in British Columbia, then the transmission capacity available to Teck for the implementation of Teck Import Schedules will be that transmission capacity which BC Hydro can make available.

2.3 BC Hydro Will Implement Teck's Energy Schedules

Subject to sections 2.2, 2.6 and 3, BC Hydro will implement the Teck Import Schedules requested by Teck.

2.4 Imports Deemed to Flow on Wheeling Facilities

All power flowing pursuant to the Teck Import Schedules is deemed to flow on the Wheeling Facilities.

2.5 United States System Access

Access on transmission facilities in the United States will be determined by United States entities and this Agreement does not provide the Parties with any rights respecting such access.

2.6 Import Scheduling

The obligation of BC Hydro to make available transmission capacity for Imports by Teck and to implement Teck Import Schedules will be the least of the following:

- (a) 300 MW; or
- (b) the applicable Nominated Wheeling Demand;
- (c) subject to section 2.7, the capacity of the Wheeling Facilities at the time of service; or

- (d) the capacity of the Wheeling Facilities as limited by a rule or regulation imposed by law or regulatory authority (which for certainty does not include BC Hydro); or
- (e) the capacity of the Wheeling Facilities if it is limited as a result of a BC Hydro request for the Wheeling Facilities to be partially or wholly taken out of service due to an event that BC Hydro could not have reasonably anticipated nor controlled and such event is of a magnitude that it might affect BC Hydro's obligations, as a transmission provider, to manage and maintain the overall reliability of the transmission system in British Columbia; or
- (f) the ability of Teck to accept the Import, if the power is delivered on the Wheeling Facilities; or
- (g) the capacity at the time of service of that portion of the United States transmission system from BPA's Bell Station to BPA's Boundary Station plus generation scheduled at Boundary Dam; or
- (h) the capacity at the time of service of that portion of the United States transmission system from BPA's Boundary Station to Line 71 at the Canada/United States boundary; or
- (i) zero, during the time period when Line 71 is being re-configured from the WHS-NLY configuration to the WHS-BDY configuration, and vice-versa.

2.7 Capacity Limited due to BC Hydro Request

If the capacity of the Wheeling Facilities is limited due to a BC Hydro request for the Wheeling Facilities to be taken out of service for overall BC Hydro system reasons (which for greater certainty will not include any of the events referred to in Section 2.3(a)(i) in the body of this Agreement), the obligation of BC Hydro to make available transmission capacity and to implement Teck Import Schedules will be the capacity of the Wheeling Facilities at the time the Wheeling Facilities were taken out of service.

2.8 Teck Import Schedules Through Nelway Loop

The scheduling by Teck of Teck Import Schedules on Line 71 will be pursuant to the provisions of this Agreement, both when Line 71 is configured in a WHS-BDY configuration and in a WHS-NLY configuration.

3. RESERVATIONS, SCHEDULES AND RELEASED SCHEDULING RIGHTS

3.1 Teck Import Schedules

BC Hydro will accept and implement Teck Import Schedules provided that they are consistent with and compliant with the Import Scheduling Rights and in compliance with BC Hydro's Business Practices. For greater certainty, Teck shall not submit Teck Import Schedules that are inconsistent or non-compliant with the Import Scheduling Rights or BC Hydro's Business Practices. Any Received Power in an hour that exceeds the Import

Scheduling Rights will be deemed to be unauthorized usage under the OATT, except to the extent the excess is caused or contributed to by BC Hydro, including pursuant to section 2.6.

3.2 Teck Information to be Provided to BC Hydro

- 3.2.1 On a 2 day-ahead basis Teck, acting reasonably, will advise BC Hydro of the hourly amounts of transmission capacity within its Import Scheduling Rights that Teck requests BC Hydro to reserve for Teck's Imports on the second following day. This advice will be provided no later than 14:00 (PST/PDT) 2 days before the day of service. Teck, at its discretion, may provide this advice earlier than on a 2 day-ahead basis.
- 3.2.2 On a day-ahead basis, Teck will advise BC Hydro of the hourly amounts of transmission capacity within its Import Scheduling Rights that Teck requests BC Hydro to reserve for Teck's Imports on the following day. Such transmission capacity requests shall supersede, and shall not exceed, the amounts provided pursuant to section 3.2.1. This advice will be provided by Teck consistent with the timelines under BC Hydro's Business Practices.
- 3.2.3 Teck will provide information for Teck Import Schedules to BC Hydro consistent with the timelines set out under BC Hydro's Business Practices.
- 3.2.4 The format and content of information and documents to be provided to BC Hydro by Teck pursuant to this section 3.2 will be consistent with BC Hydro's Business Practices, if any, and otherwise as agreed to by the Parties.

3.3 Released Scheduling Rights

- 3.3.1 2 Day-Ahead Release: Teck releases to BC Hydro, on a 2 day-ahead or earlier basis, those portions of the transmission capacity that are in excess of the amounts that Teck has requested BC Hydro to reserve pursuant to section 3.2.1.
- 3.3.2 1 Day-Ahead Release: Teck also releases to BC Hydro, on a 1 day-ahead basis, those portions of the transmission capacity that are in excess of the amounts that Teck has requested BC Hydro to reserve pursuant to section 3.2.2.
- 3.3.3 Further Release: Teck further releases to BC Hydro those portions of the transmission capacity reserved by Teck pursuant to section 3.2.2 for which Teck does not provide to BC Hydro, in accordance with the timing and terms of BC Hydro's Business Practices, information to be provided pursuant to section 3.2.3.

3.4 Subsequent Schedules After Release

Any request by Teck for BC Hydro to implement a schedule for an Import for a day, or for certain hours within a day, within the Import Scheduling Rights that cannot be implemented after transmission capacity has been released to BC Hydro by Teck

pursuant to section 3.3, will be accommodated by BC Hydro without cost to Teck, provided that:

- (a) BC Hydro is obligated to only provide the type and the amount of transmission capacity available at the time of the request;
- (b) Teck's request is in accordance with BC Hydro's Business Practices, except that such request shall stipulate that it is pursuant to this section 3.4; and
- (c) Teck's total scheduled Imports pursuant to this Agreement do not exceed the Import Scheduling Rights.

4. BC HYDRO RETAINS REVENUE

4.1 BC Hydro will retain the revenue associated with third party Imports that can be accommodated by BC Hydro as a result of Teck providing Released Scheduling Rights to BC Hydro.

5. CURTAILMENT

5.1 Curtailment Priority

Teck Import Schedules that have been arranged in accordance with section 3.2 will be the last schedules between British Columbia and the United States curtailed by BC Hydro. All other schedules of energy made by Teck will be curtailed by BC Hydro in accordance with BC Hydro's Business Practices.

5.2 Immediate Curtailment

Notwithstanding section 5.1, BC Hydro may immediately curtail Teck Import Schedules under this Agreement to reflect the limits of BC Hydro's obligations as set out in section 2.6.

6. RECONFIGURATIONS

6.1 BPA System

If the transmission system in the United States of America that is connected to the Eastside Intertie of the WECC Path 3, including the connection between Boundary Station and Line 71 at the Canada/United States boundary, is reconfigured or elements are permanently taken out of service, then BC Hydro and Teck will agree on amendments to the provisions in sections 2.6(g) and 2.6(h), as applicable, to reflect the then current capacity limits of the transmission system in the United States of America that is connected to the Eastside Intertie of the WECC Path 3.

6.2 WHS-NLY and WHS-BDY Configurations

In advance of the beginning of the Wheeling Term, the Parties will develop operating procedures for the planned or unplanned reconfiguration of Line 71 from the WHS-NLY

configuration to the WHS-BDY configuration (and vice versa), including procedures to minimize unplanned reconfigurations and minimize the duration of any reconfiguration.

6.3 Third Party Referee

Where pursuant to sections 6.1 or 6.2, the Parties are unable to reach agreement as required by those sections, then either Party shall have the right, upon written notice to the other, to have the matter referred to a “**Third Party Referee**”. Unless otherwise agreed, the Third Party Referee shall be a commercial arbitrator experienced with electric utility transmission services free of any current or historical relationship with either Party that might give rise to a reasonable apprehension of bias. The Third Party Referee shall be appointed as soon as practicable but not later than 20 days after the date on which such notice has been provided and shall make its determination within 30 days of its having been appointed. Where such a disagreement is referred to a Third Party Referee:

- 6.3.1 the Third Party Referee shall act as expert and not as arbitrator and its decision shall be final and binding on the Parties;
- 6.3.2 each Party shall present its proposal for resolution of the matter in dispute and the Third Party Referee shall select whichever proposal is in its view more consistent with preserving or ensuring consistency with, to the greatest extent reasonably possible, the allocation of the benefits, costs and risks between the Parties under this Agreement, taking into account the effect of each proposal on each of the Parties;
- 6.3.3 the Parties shall thereafter implement such selected proposal; and
- 6.3.4 the Party whose proposal is not selected by the Third Party Referee shall bear the costs of the Third Party Referee and the expert determination.

In the event that the Parties are unable to agree on the appointment of a Third Party Referee, then each of the Parties shall prepare and deliver to the other Party, within 5 days after the expiry of the initial time period required under this section 6.3, a list of three proposed independent third party referees, each of which must, unless otherwise agreed, be a commercial arbitrator experienced with electric utility transmission services and free of any current or historical relationship with either Party that might give rise to a reasonable apprehension of bias. Each Party shall, within 5 days after receipt of the list of the other Party’s proposed independent third party referees, select one of the other Party’s proposed independent third party referees to be entered into a lottery, pursuant to which one of the two proposed independent third party referees so entered into the lottery shall be selected by coin flip. If either Party does not provide to the other Party its list of three proposed independent third party referees within the 5 day period specified herein, then the other Party who has so provided its list, shall be entitled to select one Person from its own list to act as the Third Party Referee. If the proposed independent third party is unable or unwilling to act, each Party shall select one of the other Party’s proposed independent third party referees other than the one who is unable or unwilling to act and this provision shall be applied again until an independent third party is engaged.

6.4 Regulatory Approval

For greater certainty, to the extent that any amendments are agreed under section 6.1 or determined by a Third Party Referee under section 6.3, the Parties will seek the approval of the BCUC to the amendments (which will become effective upon such approval). If the BCUC fails to approve such amendments as agreed under section 6.1 or determined by a Third Party Referee under section 6.3, the Parties shall repeat the process described in sections 6.1, 6.3 and this 6.4 until amendments are approved by the BCUC.

Schedule B
Condition Assessment Report Scope of Work

The condition assessment shall be based on a complete field inspection and a review of maintenance records and engineering reports of Lines 14-17 and Line 71. The deliverable will be a Condition Assessment Report that can be used for development of work packages to address the identified deficiencies. More specifically, the duly qualified professional engineer shall:

1. Review past maintenance records and engineering reports.
2. Carry out complete field inspection of structures, insulation, hardware, conductors, and vegetation.
3. Compare as-built records against field.
4. Identify deficiencies and provide recommendations for follow-up in accordance with Good Utility Practice.

Schedule C

Waneta Interconnection Agreement

WANETA INTERCONNECTION AGREEMENT

TECK METALS LTD.

AND

BC HYDRO AND POWER AUTHORITY

TABLE OF CONTENTS

1 INTERPRETATION	2
1.1 Definitions.....	2
1.2 Captions and Headings	5
1.3 Reference to Sections.....	5
1.4 Plural and Gender	6
1.5 Severability	6
1.6 Meaning of Certain References	6
1.7 Teck as Operator of the Waneta System.....	6
2 GENERAL.....	6
2.1 System Title/Risks/Responsibility	6
2.2 Rights of the Parties	7
2.3 System Costs.....	7
2.4 Changes to System.....	7
2.5 No Other Services.....	8
3 TERM AND TERMINATION	8
3.1 Term.....	8
3.2 Effect of Termination.....	9
4 INTERCONNECTION AGREEMENT OPERATING COMMITTEE	9
4.1 Constitution.....	9
4.2 Duties of the IA Operating Committee.....	10
4.3 Limited Authority of IA Operating Committee	10
5 INTERCONNECTION OPERATION	11
5.1 Interconnection	11
5.2 Interconnection Technical Requirements	11
5.3 Operating Orders.....	12
5.4 Coordination of Planned Outages and Site Access.....	13
5.5 Protection, Control and Communications.....	13
5.6 Exchange of Information	13
5.7 Planned Disconnections	14
5.8 Emergency Disconnections.....	15
5.9 Immediate Disconnection	15
5.10 Compliance with Applicable MRS	17
6 DELIVERY AND METERING.....	17
6.1 Voltage and Reactive Power.....	17
6.2 Frequency.....	17
6.3 Metering and Metering Requirements	18
6.4 Revenue Metering.....	18
7 LIABILITY AND INDEMNITY	19
7.1 Indemnity	19

7.2 No Liability for Consequential Damages19

8 FORCE MAJEURE.....19

8.1 Definition19

8.2 Notice.....19

9 DISPUTE RESOLUTION20

9.1 Notice of Disputes.....20

9.2 Amicable Resolution.....20

9.3 Arbitration.....20

9.4 Performance During Dispute Resolution20

9.5 Costs of Dispute20

9.6 Remedies.....20

10 NOTICES21

10.1 Method of Service.....21

10.2 Deemed Receipt21

11 GENERAL PROVISIONS21

11.1 Governing Law21

11.2 Non-Waiver.....21

11.3 Enurement22

11.4 No Partnership22

11.5 Amendments22

11.6 Further Assurances.....22

11.7 Entire Agreement22

11.8 Assignment22

11.9 Permitted Assignment by BCH.....22

11.10 Permitted Assignment by Teck.....23

11.11 Interconnection23

11.12 Execution in Counterparts and Delivery Electronically24

11.13 Survival of Certain Provisions24

SCHEDULE A – POINT OF INTERCONNECTION

SCHEDULE B - METERING POINTS

SCHEDULE C – INTERCONNECTION TECHNICAL REQUIREMENTS

SCHEDULE D – EXISTING OPERATING ORDERS

INTERCONNECTION AGREEMENT

THIS INTERCONNECTION AGREEMENT made as of the <@> day of <@>, 2018
(the “Effective Date”)

BETWEEN:

TECK METALS LTD.
 (“Teck”)

AND:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
 (“BCH”)

WITNESSES THAT WHEREAS:

A. Teck is the owner of certain substations, transmission lines, switching stations and other facilities interconnecting with the electrical systems of FortisBC, BCH and the Bonneville Power Administration (“BPA”);

B. BCH owns the Waneta Plant, and certain other facilities interconnecting the Waneta Plant with Teck’s electrical system at the Point of Interconnection;

C. Teck is a lessee of an undivided 2/3 interest in the Waneta Plant, and the same facilities interconnecting the Waneta Plant with Teck’s electrical system at the Point of Interconnection pursuant to the Waneta Lease Agreement (the “Waneta Lease Agreement”) dated <@>, 2018 between Teck and BCH (as successors in interest to Teck [Subsidiary] Ltd. and Teck, respectively);

D. On or after termination of the Waneta Lease Agreement, BCH will acquire a portion of the Teck System and the Point of Interconnection will move to Emerald Switching Station;

E. BCH and Teck desire and intend to maintain the interconnected operation of their respective Systems for their mutual advantage; and

F. The Parties have entered into this Agreement as a condition of the completion of the transaction contemplated in the 2017 Waneta Purchase Agreement.

NOW THEREFORE in consideration of the mutual agreements between the Parties and for other good and valuable consideration, Teck and BCH agree as follows:

1 INTERPRETATION

1.1 Definitions

In this Agreement, the following words and terms will have the meanings respectively ascribed to them in this Section 1.1, unless the context requires otherwise:

“**2017 Waneta Purchase Agreement**” means the Waneta purchase agreement dated August 1, 2017 among BCH, Waneta Holdings (US) Inc., Teck Resources Limited and TCAI Incorporated;

“**Affected Facility**” means any third party-owned electric system or equipment, including any generation facility, or transmission or distribution system or equipment, that is connected to the Teck System (and for greater certainty does not form part of the Industrial Operations) at, or at a point behind the meter at, Emerald Switching Station;

“**Affiliate**” in the case of a corporation, has the meaning specified in the Canada Business Corporations Act (Canada) and in the case of any other Person, means a Person that controls or is controlled by such other Person or is under the same or common control as that Person. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term “controlled” shall have a similar meaning;

“**Agreement**” means this Interconnection Agreement, including the following Schedules, as the same may be amended from time to time in accordance with this Agreement:

Schedule A	:	Point of Interconnection
Schedule B	:	Metering Points
Schedule C	:	Interconnection Technical Requirements
Schedule D	:	Existing Operating Orders
Schedule E	:	Systems

“**Applicable MRS**” means all applicable mandatory reliability standards adopted by the BCUC from time to time under Section 125.2(6) of the Utilities Commission Act;

“**BC Hydro Transmission System**” means the transmission facilities and related protection, control and communication facilities owned and/or operated by BCH in British Columbia, and includes all additions and modifications thereto and repairs or replacements thereof;

“**BCUC**” means the British Columbia Utilities Commission established pursuant to the Utilities Commission Act;

“**Consequential Modification**” has the meaning set out in Section 2.4.4;

“**COPOA**” means the co-possessors and operating agreement that will become effective between the Parties on the Effective Date;

“**CPA**” means the Second Amended and Restated 2005 Canal Plant Agreement dated for reference November 15, 2011 among Teck, BCH and others, as amended [**as at the Effective Date**], as it may be further amended, modified or restated from time to time;

“**Dispute**” has the meaning set out under Section 9;

“**Effective Date**” has the meaning given to it on the first page of this Agreement;

“**Emergency**” means any condition where, whether by reason of a forced outage or concern for a forced outage, or otherwise, there is an imminent risk of equipment failure, or of danger to personnel or to the public, or a risk to System security or reliability;

“**Emerald Switching Station**” or “**ESS**” means the 63kV switching station at Warfield, British Columbia owned by Teck on the Effective Date;

“**Force Majeure**” means an event as described in Section 8.1;

“**FortisBC**” means FortisBC Inc.;

“**FortisBC System**” means the interconnected generation and transmission facilities and related protection, control and communication equipment in British Columbia owned and/or operated by FortisBC, including all additions and modifications thereto and repairs or replacements thereof;

“**Good Utility Practice**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the WECC region;

“**IA Operating Committee**” has the meaning set out in Section 4;

“**Industrial Operations**” means Teck’s metallurgical operations (which at present include a zinc refinery and lead smelter) at or near Trail and Warfield, British Columbia, and during the period of those operations any other co-located industrial and commercial operations, including the oxygen plant and other third party-owned facilities integrated into those operations;

“**Initial Modification**” has the meaning set out in Section 2.4.4;

“**Interconnection**” means the facilities and procedures as described in this Agreement to permit the flow of electrical power from one Party’s System to the other Party’s System at the Point of Interconnection;

“**Interconnection Technical Requirements**” means the interconnection technical requirements contained in Schedule C, as the same may be amended from time to time by the IA Operating Committee;

“**kV**” means kilovolt or kilovolts;

“**Operating Order(s)**” means the practices and procedures as developed and endorsed by the IA Operating Committee;

“**Party**” means Teck or BCH as the context requires, and “**Parties**” means both Teck and BCH;

“**Person**” means an individual, legal personal representative, corporation, body corporate, firm, partnership, trust, trustee, syndicate, joint venture, unincorporated organization, association or governmental entity;

“**Point of Interconnection**” means:

- (a) prior to the acquisition by BCH of the Teck Transmission Assets, the physical point(s) of connection between the Teck System and the Waneta System described in Schedule A; and
- (b) after the acquisition by BCH of the Teck Transmission Assets, the physical point(s) of connection between the Teck System and the BC Hydro Transmission System described in Schedule A;

“**Reliability Requirements**” means the reliability standards and guidelines adopted by the BCUC from time to time, and the requirements and guidelines of the applicable reliability coordinator in the control area of the BC Hydro Transmission System;

“**Systems**” means:

- (a) prior to the acquisition by BCH of the Teck Transmission Assets, the Teck System and the Waneta System, as shown in Schedule E; and
- (b) after the acquisition by BCH of the Teck Transmission Assets, the Teck System and the BC Hydro Transmission System, as shown in Schedule E;

and “**System**” means the Teck System, the Waneta System or the BC Hydro Transmission System, as the context requires;

“**Teck System**” means, at any given time, the load, generation (if applicable), transmission, distribution, protection, control and communication facilities owned and operated by Teck at or near Trail and Warfield, British Columbia (which for greater

certainty includes the Industrial Operations), including all modifications or additions thereto and repairs or replacements thereof;

“**Teck Transmission Assets**” has the meaning given to that term in the Transmission Agreement;

“**Transmission Agreement**” means the Waneta Transmission Agreement that will become effective between the Parties on the Effective Date;

“**Utilities Commission Act**” means the *Utilities Commission Act* (British Columbia), as may be amended or replaced from time to time, or any successor thereof;

“**Waneta Hydro Station**” or “**WHS**” means the 63/230kV substation located next to the Waneta Plant;

“**Waneta Lease Agreement**” has the meaning set out in Recital C;

“**Waneta Plant**” means the Waneta dam located on the Pend d’Oreille River, its powerhouse and generating apparatus;

“**Waneta System**” means the Waneta Plant, and all generation, transmission, protection, control and communication facilities owned by BCH between the Waneta Plant and:

- (a) prior to the acquisition by BCH of the Teck Transmission Assets, the Point of Interconnection; and
- (b) following the acquisition by BCH of the Teck Transmission Assets, the point of interconnection with the BC Hydro Transmission System at the Waneta Hydro Station;

including all modifications or additions thereto and repairs or replacements thereof;

“**WECC**” means the Western Electricity Coordinating Council or any successor entity; and

“**Wheeling Agreement**” means the Teck Wheeling Agreement that will become effective between the Parties on the Effective Date.

1.2 Captions and Headings

The captions and headings appearing in this Agreement are inserted merely to facilitate reference and will have no bearing upon the interpretation of this Agreement.

1.3 Reference to Sections

Unless otherwise noted, a reference to a Section, Subsection, Paragraph or Schedule means a Section, Subsection, Paragraph or Schedule of this Agreement.

1.4 Plural and Gender

Words importing the singular number, where the context requires, include the plural and vice-versa and words importing the masculine gender include the feminine gender and the neuter and vice-versa, as appropriate.

1.5 Severability

Wherever possible, each provision of this Agreement will be interpreted in such a manner as to be effective, valid and enforceable under applicable law. If any provision of this Agreement is or becomes illegal, invalid or unenforceable under applicable law, such provision shall be deemed severed from this Agreement to the extent of such illegality, invalidity or unenforceability and its illegality, invalidity or unenforceability will not affect the legality, validity or enforceability of the remaining provisions of this Agreement, unless such illegality, invalidity or unenforceability materially or adversely affects the spirit or intent of this Agreement in which case the parties will work together in good faith to amend this Agreement so that it will carry out the intent of those provisions which are illegal, invalid or unenforceable.

1.6 Meaning of Certain References

In this Agreement, except as otherwise expressly provided or as the context otherwise requires:

- (a) the word “include” or “including”, when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope; and
- (b) a reference to an entity includes any successor to that entity.

1.7 Teck as Operator of the Waneta System

The Parties acknowledge that the Operator (as defined in the COPOA) is responsible pursuant to the COPOA for the performance and satisfaction of some of BCH’s obligations under this Agreement in respect of the Waneta System. The Parties acknowledge that, as of the Effective Date, Teck is the Operator.

2 GENERAL**2.1 System Title/Risks/Responsibility**

Each Party continues to have title to, and risk and responsibility for, its own System and the other Party assumes no proprietary interest in, or risk or responsibility whatsoever for, that System under this Agreement, except as expressly provided in this Agreement or in other agreements to which Teck and BCH are parties, including the Waneta Lease Agreement and COPOA. Nothing in this Agreement or its performance will affect the independent rights and duties of each Party to have at all times responsibility for and

actual physical control and possession of its own respective System, provided the Parties acknowledge those rights and duties may be affected by other agreements to which Teck and BCH are parties, including the Waneta Lease Agreement and COPOA. Except as required by this Agreement or other agreements to which Teck and BCH are parties, each Party will retain the right to independently plan, operate and maintain its respective System to meet its obligations.

2.2 Rights of the Parties

This Agreement does not limit any rights of either Party to enter into contracts or transactions with third parties, provided such contracts or transactions will not require that Party to act in a manner which is inconsistent with its obligations under this Agreement or adversely affect the performance of such obligations.

2.3 System Costs

Any and all work, including all construction, additions, modifications, replacements, operation, maintenance and repair carried out by a Party in respect of its System will be at its own cost except as expressly provided in this Agreement or in other agreements to which Teck and BCH are parties.

2.4 Changes to System

- 2.4.1 During the term of the Waneta Lease Agreement, if a Party modifies, repairs or replaces all or a portion of its System so as to alter or affect the Interconnection or the Interconnection Technical Requirements, then it shall give timely written notice to the other Party, and will plan and implement such changes in consultation with the other Party and the terms of this Agreement.
- 2.4.2 From and after the expiry or earlier termination of the Waneta Lease Agreement, if Teck modifies, repairs or replaces all or a portion of the Teck System or connects an Affected Facility so as to alter or affect the Interconnection or the Interconnection Technical Requirements, then it shall give timely written notice to BCH.
- 2.4.3 Teck will not undertake any modification, repair or replacement, or connect an Affected Facility, referred to in Section 2.4.2, including for certainty the addition of any generation within the Teck System, without BCH's prior written consent to proceed. Such consent will not be unreasonably withheld or delayed, but may be conditional upon completion of any studies or other investigations required by BCH (at Teck's cost), and amendments to the Interconnection Technical Requirements, and the implementation of those amendments, pursuant to Section 5.2.2.
- 2.4.4 If either Party modifies, repairs or replaces all or a portion of its System so as to alter or affect the Interconnection or the Interconnection Technical Requirements (the "**Initial Modification**") and, as a result thereof the other

Party, acting reasonably, considers it necessary to modify, repair or replace all or a portion of its own System (the “**Consequential Modification**”) then:

- (a) If the Initial Modification was necessary to conform to the requirements of any regulatory or other governmental authority having jurisdiction over the System on which the Initial Modification was undertaken, then, except as provided for in other agreements to which Teck and BCH are parties, each Party will bear its own costs associated with the Initial Modification or the Consequential Modification, as the case may be; and
- (b) If the Initial Modification was not necessary to conform to the requirements of any regulatory or other governmental authority having jurisdiction over the System on which the Initial Modification was undertaken, then, except as provided for in other agreements to which Teck and BCH are parties, the Party making the Initial Modification will bear the costs incurred by both Parties associated with the Initial Modification and the Consequential Modification.

2.4.5 Without limiting the foregoing, if Teck proposes an increase in the load of the Industrial Operations from 227MW to a maximum of 300MW, and so often as it does, Teck will provide adequate notice to BCH for planning purposes, and so that BCH can carry out any required studies and estimate the costs of upgrades, which Teck will be required to pay. At Teck’s request, the Parties will negotiate in good faith if Teck is then willing to accept a lesser degree of reliability in exchange for less costly upgrades than might otherwise be required. The Parties acknowledge that any increase beyond 300MW will be subject to BCH’s tariff processes in effect at the time.

2.5 No Other Services

2.5.1 This Agreement is applicable only to the Interconnection and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided herein. Each Party is responsible for making the arrangements necessary for it to receive any other service that it may desire from the other Party or any third-party.

2.5.2 For certainty, the execution of this Agreement does not constitute a request for, nor the provision of, any transmission delivery service, any local distribution service or any rights to capacity or use by either Party to the other.

3 TERM AND TERMINATION

3.1 Term

This Agreement will commence and continue in force from the Effective Date until terminated in accordance with this Agreement. This Agreement may be terminated by

the mutual agreement of the Parties and shall be terminated if all of the points comprising the Point of Interconnection are permanently taken out of service.

3.2 Effect of Termination

Remaining interconnected at any point or points comprising the Point of Interconnection after termination of this Agreement without execution of an agreement to replace this Agreement will be under the terms and conditions of this Agreement until execution of a replacement agreement, but will not be considered or construed as an affirmation that either Party agrees that the terms and conditions of this Agreement are appropriate for a replacement agreement.

4 INTERCONNECTION AGREEMENT OPERATING COMMITTEE

4.1 Constitution

4.1.1 The Parties will establish a committee (the “**IA Operating Committee**”) composed of two representatives, one appointed by Teck and one by BCH, to carry out the administration and operational aspects of this Agreement. Teck and BCH will each advise the other Party in writing of its initial appointment to the IA Operating Committee, and each will advise the other Party in writing of any replacements. Notwithstanding the foregoing, until such time as either Party advises the other in writing of its election to terminate such arrangement or the termination of the COPOA, whichever is earlier, the Operating Committee established pursuant to the COPOA from time to time shall also constitute the IA Operating Committee for purposes of this Agreement.

4.1.2 Decisions regarding the administration and operation of the Interconnection under this Agreement will be made by mutual agreement between the representatives on the IA Operating Committee. Any representative may request the participation of other individuals with technical expertise, either internal to a Party or a third party, at an IA Operating Committee meeting to provide advice and input on operational matters, provided always that a representative from each Party has consented to the participation of such additional individuals, such consent not to be unreasonably withheld or delayed. Any representative may appoint third party observers, to observe proceedings of the IA Operating Committee, with the consent of a representative from the other Party.

4.1.3 The IA Operating Committee will:

- (a) exist for the duration of this Agreement;
- (b) meet by mutual agreement, such agreement not to be unreasonably withheld or delayed;
- (c) keep a written record of its meetings and determinations;

- (d) conduct its meetings at a mutually acceptable location or via telephone conference call; and
- (e) act reasonably, and use all reasonable efforts to expeditiously resolve issues for which the IA Operating Committee is responsible.

4.2 Duties of the IA Operating Committee

4.2.1 The IA Operating Committee will perform such functions as are described in this Agreement, and as the Parties may jointly direct, including, without limitation:

- (a) developing, reviewing and amending the Operating Order(s) pursuant to Section 5.3;
- (b) reviewing and amending, subject to any limitations on authority that a Party may from time to time impose on its IA Operating Committee representative (including limitation on authority to incur costs), the Interconnection Technical Requirements pursuant to Section 5.2;
- (c) advising the Parties on, and making all reasonable efforts to resolve, technical issues applicable to the coordination and operation of their respective Systems and interconnection matters; and
- (d) carrying out of System studies, the development of procedures, and implementation of metering requirements for the determination and assignment of load and loss responsibility in connection with the Parties' Systems.

4.2.2 Any technical advice provided by the IA Operating Committee will be in accordance with this Agreement, provided that where this Agreement does not anticipate a particular circumstance that arises, the technical advice provided will be in accordance with Good Utility Practice.

4.2.3 The IA Operating Committee will retain a record of any amendments to the Interconnection Technical Requirements and the Operating Orders made by the IA Operating Committee, or otherwise agreed to by the Parties.

4.2.4 If the members of the IA Operating Committee cannot agree on a particular matter, then the matter will be settled under Section 9 of this Agreement.

4.3 Limited Authority of IA Operating Committee

The IA Operating Committee has no authority to amend this Agreement or to determine any matter which affects the ownership of any part of either of the Parties' Systems, or the rights of Teck or BCH, at all times, to have actual physical control and independent possession of their respective Systems, except as expressly provided in this Agreement or in other agreements to which Teck and BCH are parties.

5 INTERCONNECTION OPERATION

5.1 Interconnection

- 5.1.1 Each Party will maintain and operate its System, including its respective portions of the facilities comprising the Point of Interconnection, in accordance with Good Utility Practice and the provisions of this Agreement so as to minimize the likelihood of creating a disturbance which may cause impairment to the operation of the other Party's System. Each Party will take appropriate action to reduce the transfer of any disturbance to the other Party's System to within the limit prescribed by Good Utility Practice without delay after commencement of such disturbance.
- 5.1.2 Subject only to Sections 5.7, 5.8 and 5.9, and in accordance with Good Utility Practice, each Party will operate its System so that the Systems remain interconnected at the Point of Interconnection.

5.2 Interconnection Technical Requirements

- 5.2.1 Each Party agrees to perform its obligations under, and to adhere to, the Interconnection Technical Requirements as provided by this Agreement.
- 5.2.2 If at any time either Party requests an amendment to the Interconnection Technical Requirements, then:
- (a) that Party will provide the other Party with timely notice of any requested amendment to the Interconnection Technical Requirements; and
 - (b) the Parties will refer any requested amendment described in Paragraph 5.2.2(a) to the IA Operating Committee for timely review and consideration with respect to the Interconnection Technical Requirements, and if the IA Operating Committee decides that the requested amendments to the Interconnection Technical Requirements are required to comply with applicable laws or Reliability Requirements, to adhere to Good Utility Practice or to address a safety issue, or are otherwise desirable then the IA Operating Committee will, subject to Paragraph 4.2.1(b), either issue the necessary amendments, or will issue recommendations for such amendments to the Parties.
- 5.2.3 The Parties anticipate that the Interconnection Technical Requirements will require amendment from time to time during the term of this Agreement, and agree that, to the extent that the IA Operating Committee or the Parties agree to amend the Interconnection Technical Requirements in accordance with this Agreement, the amended Interconnection Technical Requirements will replace the then current Schedule C to this Agreement and be attached as the new Schedule C.

- 5.2.4 If at any time amendments are issued to the Interconnection Technical Requirements, the Parties will make reasonable efforts to adhere to such amendments in a timely manner.

5.3 Operating Orders

- 5.3.1 BCH and Teck will jointly develop, review and amend as necessary, through the IA Operating Committee as provided in Section 4, the Operating Order(s) with respect to the operation of the Interconnection. Without limitation, Operating Orders will consist of any practices and procedures required to put this Agreement into effect and to maintain safe and efficient interconnected operations, including without limitation any Operating Orders required to give effect to Sections 5.7 and 5.8. The existing Operating Orders at the time of execution of this Agreement that have material effect on the Point of Interconnection are listed in Schedule D, and unless otherwise determined by the IA Operating Committee shall be deemed to have been developed by the IA Operating Committee and constitute the initial Operating Orders for purposes of this Agreement. The Parties acknowledge and agree that, at the time that BCH acquires the Teck Transmission Assets, or if BCH becomes the Operator (as defined in the COPOA), the then existing Operating Orders will require amendment and/or replacement (to reflect, among other things, that BCH is the Operator of the Waneta Plant and/or that the Waneta Plant is no longer part of the CPA), and the IA Operating Committee shall endeavour, acting reasonably, to develop such amendments and/or replacements in advance so that they may be implemented concurrently with the acquisition and/or change of Operator.
- 5.3.2 The IA Operating Committee may issue any amendments to Operating Order(s), but any such amendments must be consistent with this Agreement, including the Interconnection Technical Requirements, and must be in writing. Notwithstanding the foregoing, BCH will be entitled at any time after it acquires the Teck Transmission Assets to amend any Operating Order(s) in its sole discretion (exercised reasonably and on reasonable advance notice to Teck) as necessary to comply with applicable law or Reliability Requirements, or to address a safety issue, provided any such amendments must be consistent with this Agreement, including the Interconnection Technical Requirements, to the greatest extent possible while achieving compliance with applicable law or Reliability Requirements or effectively addressing the relevant safety issue, and must be in writing.
- 5.3.3 The Operating Order(s) will, without limitation, establish operating authority boundaries and proper isolation procedures for the Parties' respective Systems.
- 5.3.4 Each Party will operate its respective System in accordance with all applicable Operating Order(s). In the event that Operating Order(s) do not address a particular circumstance that arises, the Parties will act in accordance with Good Utility Practice.

5.3.5 The Parties agree to provide each other a reasonable amount of time to adhere to any Operating Order(s) as may be amended in accordance with Subsection 5.3.2.

5.3.6 The Parties will make reasonable efforts to adhere in a timely manner to any Operating Order(s) amended in accordance with Subsection 5.3.2.

5.4 Coordination of Planned Outages and Site Access

5.4.1 The Parties will, to the extent reasonably practical and consistent with Good Utility Practice, coordinate planned equipment outages in their respective Systems so that such outages will be of minimal duration and cause minimal inconvenience to the other Party's System and will not impair the safe and reliable operation of the other Party's System. In connection with any such planned outage after the acquisition by BCH of the Teck Transmission Assets, Teck will make all reasonable efforts to coordinate with the owners, operators and other users of any Affected Facility that is a customer of or supplier to BCH to minimize the impact of any such outage to Teck, BCH and the owners, operators and other users of any Affected Facility.

5.4.2 Subject to established safety procedures, each of the Parties authorizes the other to enter during reasonable times and with reasonable notice that Party's property to install, remove or replace any equipment or facilities associated with the Point of Interconnection, including metering equipment owned by one Party and located on the property of the other Party, together with the right to inspect, test and maintain such equipment and facilities. The Party whose property is being entered by the other Party will have the right to have a representative present at any such installation, removal, replacement, inspection, testing or maintenance work.

5.5 Protection, Control and Communications

Each Party will install mutually acceptable protective relaying, control and communications with respect to the interconnection of their respective Systems as detailed in the Interconnection Technical Requirements. The relay settings will be coordinated for the best operation of the Point of Interconnection and each Party's System and will be operated within the desired protective limits agreed upon from time to time in writing by Teck and BCH.

5.6 Exchange of Information

5.6.1 Teck and BCH will exchange, in a timely manner, all information reasonably required for the co-ordinated operation of the Point of Interconnection. For greater certainty, as the Waneta Hydro Station provides the only interconnection of the Waneta System to the electrical grid, BCH will provide during the term of the Waneta Lease Agreement all information on the Waneta System that Teck may reasonably require.

- 5.6.2 Each of Teck and BCH will provide to the other, upon request, such further information as the other may reasonably require to meet its obligations to WECC or any other regulatory or governmental authority having jurisdiction and which imposes upon it or them an obligation to collect information for submission to that organization.
- 5.6.3 Teck and BCH will each be responsible for their respective costs incurred in providing any information reasonably required under this Agreement.
- 5.6.4 While each of Teck and BCH will use reasonable efforts to provide accurate information pursuant to this Section 5.6 any such information will be relied on by the recipient at its sole risk and the providing Party will have no liability for any inaccuracy in the information provided.
- 5.6.5 Any information disclosed by either Party to the other pursuant to this Agreement will be considered confidential, whether expressly designated as such or not, and shall be kept confidential by the Parties and not disclosed to any third party, except as the Parties otherwise agree or as required by law or any authority having jurisdiction, or if the same has entered the public domain other than through unauthorized disclosure by either Party. If either Party receives a request from any third party for any such confidential information, that Party will promptly notify the other Party of the request and will protect the other Party's confidential information using a reasonable degree of care.

5.7 Planned Disconnections

- 5.7.1 Either Party shall have the right at any time to interrupt temporarily the exchange of electrical power at any point or points comprising the Point of Interconnection, but not at all of the points comprising the Point of Interconnection, for the purpose of construction, maintenance, operation, repair, replacement, removal, investigation or inspection of its respective equipment or works (a "planned equipment outage") where such planned equipment outage is required by Good Utility Practice, provided that:
 - (a) such Party shall have given to the other Party reasonable prior notice of the planned equipment outage;
 - (b) the Party has coordinated, to the reasonable satisfaction of the other Party, such planned equipment outage; and
 - (c) the Party will make all commercially reasonable efforts to ensure that such planned equipment outage will be of minimal duration and cause minimal inconvenience to the other Party's System.
- 5.7.2 Each Party will ensure that any planned equipment outage will not impair the safe and reliable operation of the other Party's System.

5.8 Emergency Disconnections

- 5.8.1 Notwithstanding any other provision of this Agreement, in an Emergency, either Party (the “**Disconnecting Party**”) will be entitled to take such action, including disconnection (except as hereinafter provided in this Section 5.8), as it may reasonably determine to be appropriate.
- 5.8.2 The Disconnecting Party will notify, in a timely manner, the other Party of the disconnection and the reasons therefor, and such notice will, whenever reasonably possible, be given as far in advance as is reasonably practicable.
- 5.8.3 The other Party’s System will be reconnected to the Disconnecting Party’s System as soon as reasonably practicable, provided that any deficiencies in the other Party’s System or in the operation thereof that may have caused the Emergency are first rectified to the reasonable satisfaction of the Disconnecting Party.
- 5.8.4 When a Party declares an Emergency, the other Party, in accordance with Good Utility Practice will use reasonable efforts to provide emergency assistance to the reasonable extent of its capabilities without endangering the security or reliability of its own System.

5.9 Immediate Disconnection

- 5.9.1 Notwithstanding any other provision of this Agreement, after the acquisition by BCH of the Teck Transmission Assets:
- (a) subject to Section 5.9.2, BCH may disconnect, or require the disconnection of, the Teck System from the BC Hydro Transmission System:
 - (i) if BCH discovers material deficiencies in the quality of electricity relative to the requirements of this Agreement or the Interconnection Technical Requirements, including without limitation the introduction of harmonics into the BC Hydro Transmission System, the creation of undue and abnormal voltage fluctuations on the BC Hydro Transmission System, the depression or elevation of the voltage level on the BC Hydro Transmission System below or above the voltage range required for the Interconnection, the creation of an undue voltage imbalance between phases, and failure to maintain the Power Factor required by the Interconnection Technical Requirements, which deficiencies or others specified in the Interconnection Technical Requirements, in accordance with Good Utility Practice, require the disconnection of the Teck System to protect the BC Hydro Transmission System or an Affected Facility that is a customer of or supplier to BCH; and

- (ii) if Teck fails to comply with any requirement of this Section 5 and, in the reasonable opinion of BCH, such non-compliance or failure requires the disconnection of the Teck System to protect the BC Hydro Transmission System or an Affected Facility that is a customer of or supplier to BCH; and
 - (b) subject to Section 5.9.3, BCH may disconnect, or require the disconnection of, the Teck System from the BC Hydro Transmission System where permitted pursuant to the provisions of any other agreement between BCH and Teck, or among BCH, Teck and the owner of any Affected Facility.
- 5.9.2 Except in the case of an Emergency, BCH will not disconnect or require the disconnection of the Teck System from the BC Hydro Transmission System unless the circumstance giving rise to BCH's right to disconnect or require disconnection as described in Section 5.9.1(a) is not remedied, or, where such circumstance cannot reasonably be remedied within 30 days, Teck has not commenced with due diligence and thereafter continued to remedy such circumstance (which for greater certainty may require that Teck install, repair or upgrade new or existing equipment on the Teck System to rectify deficiencies in the quality of electricity), 30 days after BCH has given to Teck notice thereof, and provided that BCH will give to Teck no less than five additional days' notice of disconnection. At any time following receipt from BCH of notice of a circumstance giving rise to BCH's right to disconnect or require disconnection pursuant to Section 5.9.1(a), Teck may refer the matter to the IA Operating Committee for discussion, or for Dispute resolution pursuant to Section 9.
- 5.9.3 Except in the case of an Emergency, BCH will not disconnect or require the disconnection of the Teck System from the BC Hydro Transmission System unless the circumstance giving rise to BCH's right to disconnect or require disconnection as described in Section 5.9.1(b) is not remedied 30 days after BCH has given to Teck notice thereof, and provided that BCH will give to Teck no less than five additional days' notice of disconnection.
- 5.9.4 Following a disconnection of the Teck System from the BC Hydro Transmission System pursuant to Section 5.9.1, BCH will reconnect the Teck System to the BC Hydro Transmission System as soon as reasonably practicable after all deficiencies are rectified in accordance with Good Utility Practice to the reasonable satisfaction of BCH, and:
- (a) in the case of a disconnection effected pursuant to Section 5.9.1(a), at the cost of Teck; and
 - (b) in the case of a disconnection effected pursuant to Section 5.9.1(b), BCH will, where applicable, seek recovery of reconnection costs from Teck or the owner of the Affected Facility, as applicable.

5.9.5 If the Teck System is disconnected in accordance with this Section 5.9 and Teck has not, within 90 days of such disconnection, and to the reasonable satisfaction of BCH:

- (a) rectified all identified deficiencies and non-compliances, as the case may be, that can reasonably be rectified within 90 days of disconnection, including where applicable, providing corrective equipment to prevent the Teck System from further causing or contributing to a circumstance described in Section 5.9.1(a); or
- (b) taken all reasonable steps towards rectification of identified deficiencies and non-compliances, as the case may be, that cannot reasonably be rectified within 90 days of disconnection, and diligently pursued the balance of the steps required to complete rectification thereafter,

BCH may terminate this Agreement upon no less than 90 additional days prior written notice.

5.10 Compliance with Applicable MRS

Each of the Parties shall be responsible for ensuring that its respective System complies at all times with Applicable MRS. The Parties acknowledge that the Operator (as defined in the COPOA) is responsible pursuant to the COPOA for the performance and satisfaction of Applicable MRS obligations in respect of those portions of the Waneta System to which the Operator has access during the term of the Waneta Lease Agreement. The Parties acknowledge that, as of the Effective Date, Teck is the Operator.

6 DELIVERY AND METERING

6.1 Voltage and Reactive Power

6.1.1 The Parties agree to maintain a nominal voltage at each Point of Interconnection in accordance with the Interconnection Technical Requirements. Each Party will plan and operate its System so as not to impose an undue burden on the other Party to produce or absorb reactive power as a result of any power transaction across the Point of Interconnection.

6.1.2 The Teck System requires automatic voltage regulation and reactive power support. The Parties acknowledge that reactive power flows between their respective Systems are acceptable to each of the Parties.

6.2 Frequency

Energy delivered by the Parties over the Interconnection will be in the form of three-phase current, at the approximate voltage specified for each Point of Interconnection in the Interconnection Technical Requirements, alternating at a nominal frequency of 60 Hertz.

6.3 Metering and Metering Requirements

Teck will, at its cost, ensure that standard revenue quality metering and communications interface capable of supporting a communication protocol for metering specified by BCH reasonably in advance is installed for the Point of Interconnection upon the expiry or as soon as reasonably practicable after the earlier termination of the Waneta Lease Agreement, to accurately account for the capacity and energy being transmitted to the Industrial Operations. BCH will, at its cost, establish the communications connection and complete such other work as BCH may require, in each case to permit BCH to communicate and access information from Teck's meter. BCH will be entitled to access all metering data, which may reasonably be required to facilitate measurements and billing under any wheeling service agreement with BCH. BCH may, at its cost, install duplicate meters for the Point of Interconnection. The points of metering are described in Schedule B. Any changes to the points of metering will be by agreement between the Parties. Any other metering requirements for the Point of Interconnection will be established by the IA Operating Committee.

6.4 Revenue Metering

- 6.4.1 Unless the Parties otherwise agree, the meters required under this Agreement will meet standards set out in the *Electricity and Gas Inspection Act*, R.S.C. 1985, c.E-4 (the “**Electricity Act**”) and any regulations made thereunder, (as the same may be amended or replaced from time to time). Each Party will, at its own expense, test its meters installed under this Agreement as frequently as required pursuant to the Electricity Act. If requested to do so by one Party, the other Party will make additional tests or inspections of its metering equipment. The requesting Party will pay for such additional tests or inspections provided that, in the event that the additional tests or inspections show the metering equipment to be in error by more than one (1) percent, such additional tests or inspections will be at the expense of the Party that owns the metering equipment. Each Party will give the other Party reasonable notice of the time when any test or inspection pursuant to this Subsection 6.4.1 is to be made, and the other Party will have the right to have a representative present at such test or inspection.
- 6.4.2 If any meter installed under this Agreement fails to register, or if the measurement made by the meter during a test conducted in accordance with Subsection 6.4.1 varies more than one (1) percent from the measurement made by the standard meter used in such a test, the inaccurate meter will be repaired or replaced as soon as reasonably practical by the Party owning it, and the amount of electricity measured during the period since the last inspection of such meter indicated it was functioning accurately shall be determined in accordance with the *Electricity and Gas Inspection Act* (Canada).
- 6.4.3 Notwithstanding Section 9, in the event of a dispute with respect to this Section 6.4, the Parties will attempt to resolve such dispute by reference to the IA Operating Committee, as described in Section 4.

7 LIABILITY AND INDEMNITY

7.1 Indemnity

Each Party (the “**Indemnifying Party**”) agrees to indemnify and save harmless the other Party, its directors, officers, employees and agents (the “**Indemnitees**”) from and against all direct losses or damages the Indemnitees suffer or incur which are in any way connected with, or arise from, this Agreement and which are caused by a breach of this Agreement, or the negligence or intentional wrongdoing of, the Indemnifying Party, its directors, officers, employees and agents acting within the scope of their authority or employment; except that such indemnity will be limited to an amount in proportion to the degree to which the Indemnifying Party, its directors, officers, employees and agents are at fault as agreed in writing by the Parties or adjudicated by dispute resolution pursuant to this Agreement.

7.2 No Liability for Consequential Damages

Subject to any other agreement between the Parties, neither Party, nor its directors, officers, employees or agents, will be liable to the other Party, or its directors, officers, employees or agents, for any indirect or consequential damages, injury or loss suffered by that other Party or its directors, officers, employees or agents, including loss of profits, loss of revenue, cost of capital, cost of purchased or replacement capacity or energy, and loss of use of any facilities, property or equipment.

8 FORCE MAJEURE

8.1 Definition

In this Agreement, “Force Majeure” means any act of God, labour disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause, which are beyond a Party’s reasonable control. A Force Majeure event does not include an act of negligence or intentional wrongdoing or lack of money or credit or economic hardship. Neither Party will be considered in default as to any obligation under this Agreement to the extent it is prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Agreement is hindered by an event of Force Majeure will make all reasonable efforts to perform its obligations under this Agreement and make all reasonable efforts to remedy the Force Majeure with reasonable dispatch, provided that settlement of strikes, lockouts and other labour disturbances shall be wholly within the discretion of the Party involved.

8.2 Notice

If there is a Force Majeure event affecting a Party’s ability to perform its obligations under this Agreement, the affected Party will promptly notify the other Party of the occurrence of the Force Majeure event, identifying the nature of the event, its expected duration and the particular obligations affected. The affected Party will furnish to the

other Party reports with respect to the Force Majeure event at such intervals as the other Party may reasonably request during the continuance of the Force Majeure event.

9 DISPUTE RESOLUTION

9.1 Notice of Disputes

In the event any dispute, claim, question or difference (a “**Dispute**”) arises with respect to this Agreement or its performance, enforcement, breach, termination or validity, such Dispute will be resolved in accordance with this Section 9. The Party claiming a Dispute will provide notice to the other Party and, notwithstanding any other provision of this Agreement, such notice will be deemed received on the date of actual delivery.

9.2 Amicable Resolution

The Parties will make all commercially reasonable efforts through or by their respective senior executives to resolve amicably any Dispute within ten (10) days of receipt of the notice under Section 9.1. During such period, neither Party will commence any arbitration or other legal proceedings whatsoever against the other Party in connection with the Dispute.

9.3 Arbitration

In the event the Parties are unable to resolve a Dispute in accordance with Section 9.2, then the Dispute shall be referred for final and binding arbitration administered by the British Columbia International Commercial Arbitration Centre pursuant to its Rules for Domestic Commercial Arbitration Proceedings. The number of arbitrators shall be one. The place of arbitration shall be Vancouver, British Columbia, Canada. The language used shall be English. The arbitration decision shall be in writing and shall be final and binding on the Parties.

9.4 Performance During Dispute Resolution

While attempts are being made to resolve a Dispute, the Parties will continue to perform all obligations under this Agreement with due diligence and will continue to comply with all terms of this Agreement.

9.5 Costs of Dispute

Each Party will be responsible for all legal costs (except the costs of the arbitrator, which shall be apportioned between the Parties as determined by the arbitrator) incurred by it in resolving any Dispute under this Section 9.

9.6 Remedies

The Parties acknowledge that a declaratory judgment or damages may provide an inadequate remedy for breach of the provisions of this Agreement, and accordingly each Party will be entitled to seek specific performance, injunction or other similar remedy to ensure full and proper performance by the other Party of its obligations under this

Agreement and such remedy may be sought in lieu of or in addition to the dispute resolution procedures set out in Section 9.

10 NOTICES

10.1 Method of Service

Except for any notices or information given or exchanged in connection with the IA Operating Committee or notice relating to Emergencies or Force Majeure events which shall be given in a more expedient manner by telephone conversation, such telephone conversation to be promptly confirmed in writing, any notice, approval, direction or request required or permitted to be given hereunder will be in writing and will be given by email, hand delivery or registered letter postage fully prepaid, and addressed to the attention of such representative of the other Party as is provided in the relevant Operating Order.

10.2 Deemed Receipt

Notice by mail will be deemed received on the date of actual delivery. Notice by hand delivery will be deemed to have been received by the close of the business day on which it was actually delivered and received (unless delivered after the close of the business day in which case it will be deemed received at the close of the next business day). Notice by email will be deemed received on the date the recipient confirms receipt by return email.

11 GENERAL PROVISIONS

11.1 Governing Law

This Agreement and all questions arising under it will for all purposes be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in British Columbia.

11.2 Non-Waiver

No waiver by either Party of any breach of any of the covenants, provisos, conditions, restriction or stipulations contained in this Agreement will take effect or be binding upon that Party unless the same be expressed in writing under the authority of that Party's duly authorized representative, and any waiver so given will extend to the particular breach so waived and will not limit or affect any rights with respect to any other or future breach. No failure by any Party to take action in the event of any breach of any of the covenants, provisos, conditions, restriction or stipulations contained in this Agreement will be construed as a waiver of that Party's right to take such action as this Agreement or the law permits and will not limit or affect any rights with respect to any other or future breach.

11.3 Enurement

The provisions of this Agreement will enure to the benefit of and be binding upon the Parties and the successors and permitted assigns of each Party.

11.4 No Partnership

Nothing contained in this Agreement will be construed as creating a partnership, joint venture or agency between the Parties.

11.5 Amendments

Except as otherwise expressly provided in this Agreement, this Agreement may only be amended by written agreement of the Parties.

11.6 Further Assurances

During the term of this Agreement, each Party will execute, acknowledge and deliver such other instruments and will take such other action as may be necessary to carry out its obligations under this Agreement, and to allow the other Party to carry out its obligations and rights under this Agreement.

11.7 Entire Agreement

This agreement constitutes the entire agreement between the parties with respect to the Interconnection, and supersedes the Interconnection Agreement made as of March 5, 2010 between the Parties, which agreement the Parties agree is terminated effective as of the date of this Agreement.

11.8 Assignment

Subject to Sections 11.9 and 11.10, neither Party will assign its rights, in whole or in part, under this Agreement unless it obtains the prior written consent of the other Party. Such consent will not be unreasonably withheld or delayed.

11.9 Permitted Assignment by BCH

Notwithstanding Section 11.8, BCH will be entitled to assign its interest in this Agreement, upon notice to and without the consent of Teck:

11.9.1 in connection with a transfer of BCH's Participation Interest as provided in Section 25.2(c) of the COPOA; or

11.9.2 at any time after the acquisition by BCH of the Teck Transmission Assets,

provided, in each case, the assignee is capable of performing BCH's obligations pursuant to this Agreement.

11.10 Permitted Assignment by Teck

Notwithstanding Section 11.8, Teck will be entitled to assign its interest in this Agreement, upon notice to and without the consent of BCH:

- 11.10.1 in the course of a bona fide internal reorganization of Teck's Industrial Operations amongst Teck and its Affiliates as long as Teck's Industrial Operations and the Teck Transmission Assets continue to be owned and operated by Teck or by its Affiliates following the reorganization;
- 11.10.2 to a purchaser of Teck's Industrial Operations, in conjunction with and contemporaneously with the sale of all of Teck's Industrial Operations and the Teck Transmission Assets to the same purchaser; or
- 11.10.3 to a purchaser of Teck's Industrial Operations, in conjunction with and contemporaneously with the sale of all of Teck's Industrial Operations to the same purchaser, at any time after the acquisition by BCH of the Teck Transmission Assets.

11.11 Interconnection

- 11.11.1 Teck will not interconnect the Teck System at or downstream of Emerald Switching Station with any Affected Facility (including all associated protection, control and communication facilities) that Teck knows (after reasonable enquiry) is or is reasonably expected to become a customer of or supplier to BCH at the time of the interconnection (the "**Proposed New Interconnection**"), without the prior written consent of BCH, not be unreasonably withheld or delayed. For clarity, and without limiting the foregoing, Teck acknowledges and agrees that BCH may and is entitled to withhold such consent until such time as arrangements between BCH, Teck and the owner of the Affected Facility have been finalized to BCH's reasonable satisfaction (the "**Shared Interconnection Arrangements**").
- 11.11.2 BCH will not enter into any arrangements with the owner or operator of an Affected Facility that would make the Affected Facility a customer or supplier of BCH without first notifying Teck and providing the opportunity for consultation regarding BCH's arrangements with the owner of the Affected Facility. Teck will make reasonable efforts to ensure that the owner and/or operator of any Affected Facility is also required to provide such notice and engage in such consultation with Teck prior to entering into any arrangements with BCH.
- 11.11.3 Without limiting Section 11.11.1, or any other provision of this Agreement, if Teck interconnects to any Affected Facility that Teck knows (after reasonable enquiry) is or is reasonably expected to become a customer or supplier of BCH without the prior written consent of BCH where required under this Agreement, BCH will have the right to terminate this Agreement upon no less than 90 days' advance written notice. If, where applicable, the

Shared Interconnection Arrangements are finalized to BCH's reasonable satisfaction prior to the effective date of such termination, BCH will rescind its termination notice, which notice will cease to have any further force or effect.

11.12 Execution in Counterparts and Delivery Electronically

This Agreement may be executed in counterparts and be returned by fax or email with a PDF attachment, each of which when executed and delivered shall constitute an original, and all of which together shall constitute one and the same Agreement.

11.13 Survival of Certain Provisions

Section 3.2 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, each signatory having been appropriately authorized to enter into this Agreement on behalf of the Party for whom he or she signs, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

TECK METALS LTD.

Per: _____

Title: _____

Date: _____

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

Per: _____

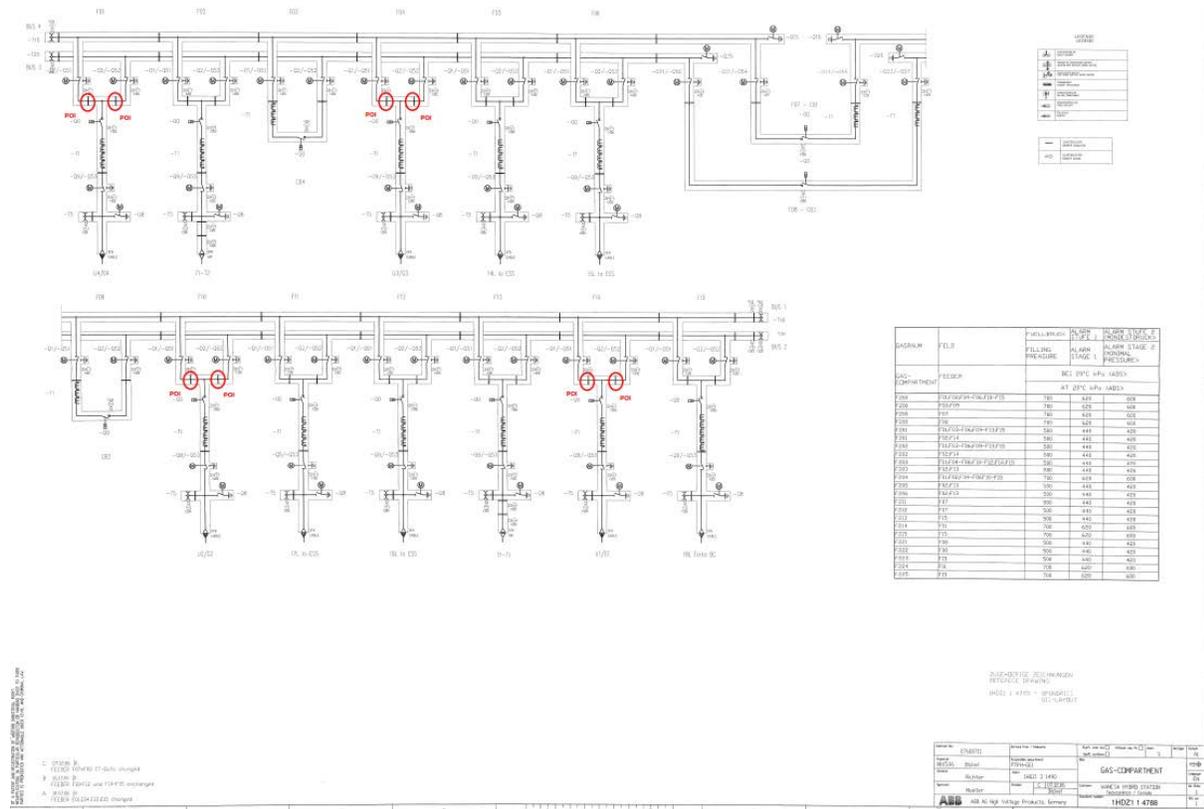
Title: _____

Date: _____

SCHEDULE A – POINT OF INTERCONNECTION

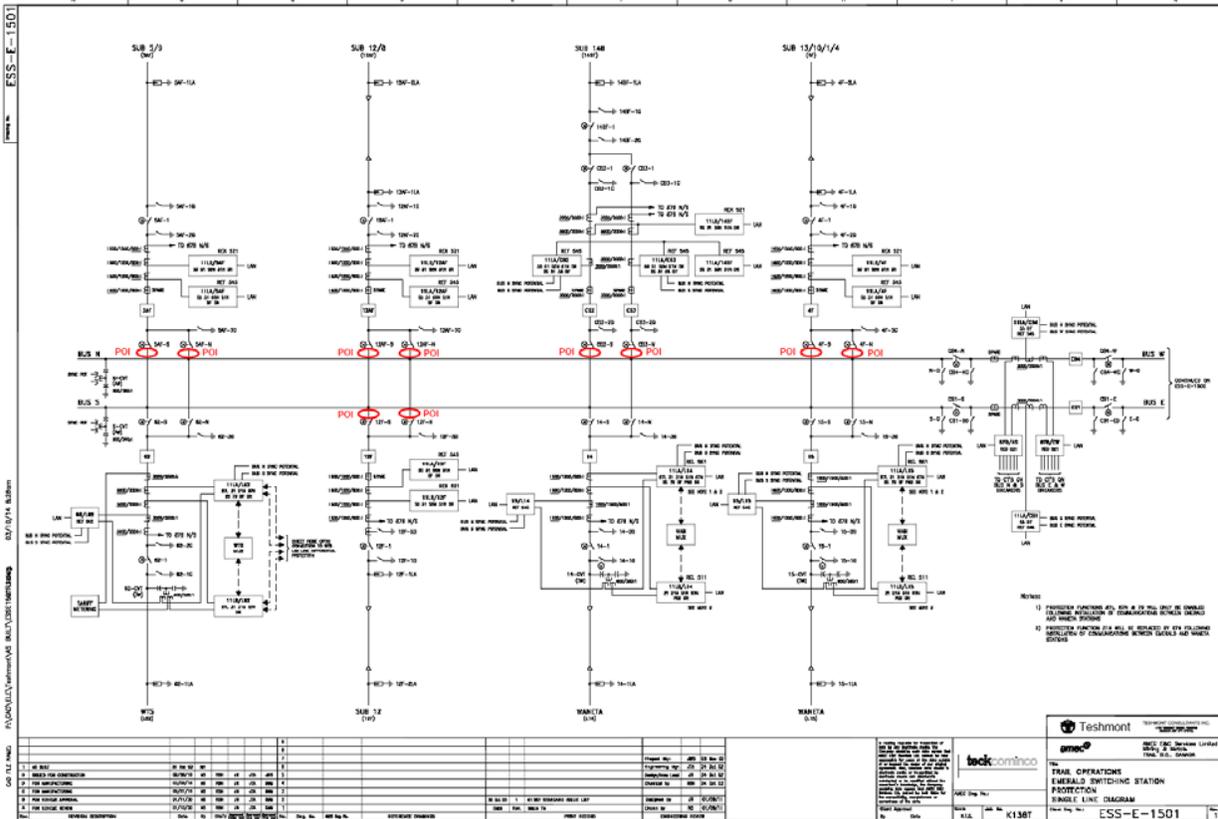
Until acquisition of the Teck Transmission Assets by BCH¹

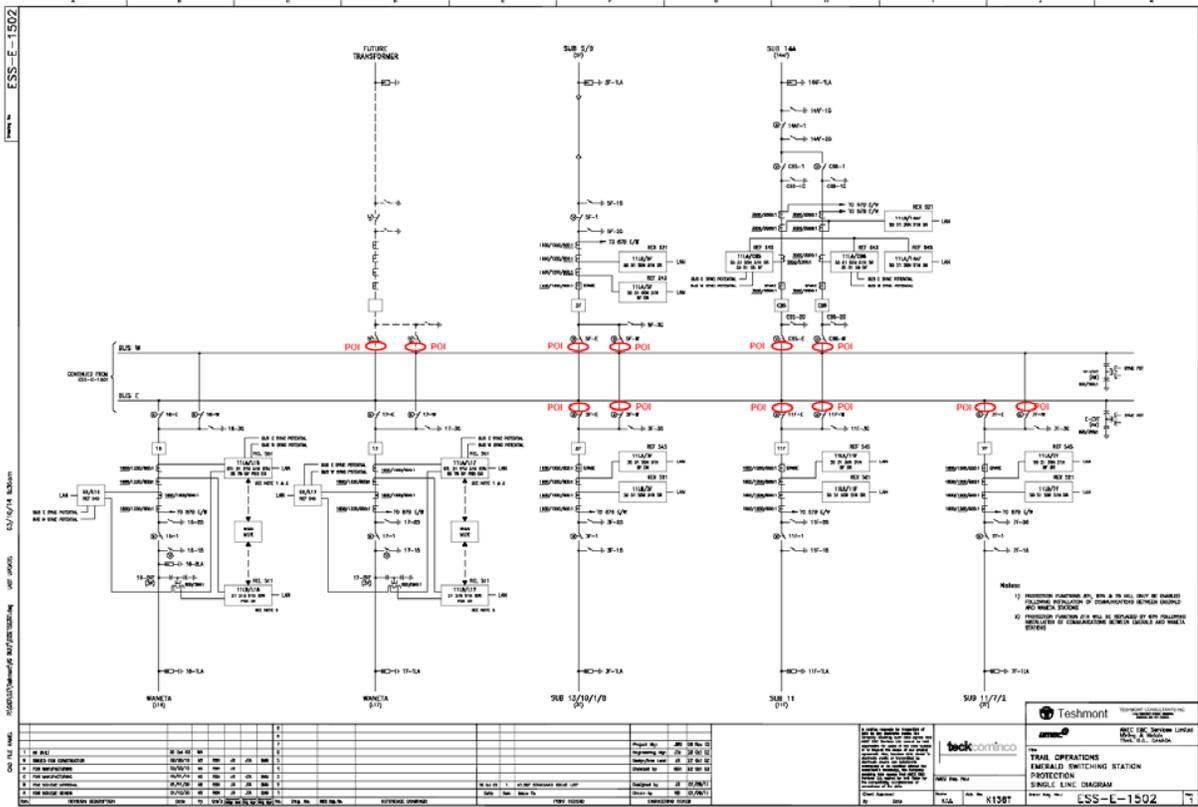
The demarcation points between the Teck System and the Waneta System are the flanges between the U1, U2, U3 and U4 switchgear circuit breaker compartments and the associated bus disconnect switches U1-B1, U1-B2, U2-B1, U2-B2, U3-B3, U3-B4, and U4-B3, U4-B4 as designated “POI” on the attached drawings 1HDZ1-1-4788 and WHS-E-7401.



¹ As contemplated by the Transmission Agreement made as of <@>, 20<@>, between Teck and BCH.

- Disconnect Switch 11F-W (Drawing ESS-E-1502)
- Disconnect Switch 7F-E (Drawing ESS-E-1502)
- Disconnect Switch 7F-W (Drawing ESS-E-1502)
- Future disconnect switches as required to interconnect the Teck System to ESS





SCHEDULE B - METERING POINTSUntil acquisition of the Teck Transmission Assets by BCH:

U1 Metering Point (Drawing WHS-E-1509) consists of U1-CT1, U1-VT and 95-U1C (ABB REF 542+).

U2 Metering Point (Drawing WHS-E-1510) consists of U2-CT1, U2-VT and 95-U2C (ABB REF 542+).

U3 Metering Point (Drawing WHS-E-1511) consists of U3-CT1, U3-VT and 95-U3C (ABB REF 542+).

U4 Metering Point (Drawing WHS-E-1512, sheet 2 of 2) consists of U4-CT1, U4-VT and 95-U4C (ABB REF 542+).

From and after acquisition of the Teck Transmission Assets by BCH:

Feeder 3F Metering Point (Drawing ESS-E-1519) consists of 3F-CT1, W-CVT and 3F Tariff Metering (To Be Installed).

Feeder 4F Metering Point (Drawing ESS-E-1503) consists of 4F-CT1, N-CVT and 4F Tariff Metering (To Be Installed).

Feeder 5F Metering Point (Drawing ESS-E-1518) consists of 5F-CT1, W-CVT and 5F Tariff Metering (To Be Installed).

Feeder 5AF Metering Point (Drawing ESS-E-1510) consists of 5AF-CT1, N-CVT and 5AF Tariff Metering (To Be Installed).

Feeder 7F Metering Point (Drawing ESS-E-1514) consists of 7F-CT1, W-CVT and 7F Tariff Metering (To Be Installed).

Feeder 11F Metering Point (Drawing ESS-E-1517) consists of 11F-CT1, W-CVT and 11F Tariff Metering (To Be Installed).

Feeder 12F Metering Point (Drawing ESS-E-1509) consists of 21F-CT1, N-CVT and 12F Tariff Metering (To Be Installed).

Feeder 12AF Metering Point (Drawing ESS-E-1508) consists of 12AF-CT1, N-CVT and 12AF Tariff Metering (To Be Installed).

Feeder 14AF Metering Point (Drawings ESS-E-1515 and ESS-E-1516) consists of CB5-CT1, CB6-CT1, W-CVT and 14AF Tariff Metering (To Be Installed).

Feeder 14BF Metering Point (Drawings ESS-E-1505 and ESS-E-1506) consists of CB2-CT1, CB3-CT1, N-CVT and 14BF Tariff Metering (To Be Installed).

At such future locations where the Teck System interconnects to ESS.

SCHEDULE C – INTERCONNECTION TECHNICAL REQUIREMENTS

Voltage Conditions

Under normal conditions, with 71L and 62L (77L) in service, the voltage requirement at the Emerald Switching Station bus is +/- 5% of the 63 kV nominal transmission voltage.

Under a worst case single contingency, the voltage requirement at the Emerald Switching Station bus is +/- 10% of the 63 kV nominal transmission voltage.

The operation of either Party's generators or System shall not cause the creation of undue and abnormal voltage fluctuations, such as voltage dips (sags) on the other Party's System.

The standards for voltage dip (sag) at the Point of Interconnection are as follows:

Voltage Dip	Number of Times Permitted (i.e., Not to Exceed)
3% of normal voltage	Once per hour
6% of normal voltage	Once per 8 hour period

Any operation by either Party which causes a voltage dip exceeding 6 percent, but not exceeding 9 percent, in the other Party's System may be permitted provided the times are acceptable to the other Party.

The operation of either Party's generators or System shall not cause creation of an unacceptable voltage unbalance between phases in the other Party's System.

Teck shall maintain at Emerald Switching Station a Power Factor of 95% lagging or greater. "Power Factor" means the ratio, expressed as a percentage, of kW to kV.A when both are measured simultaneously over a specified time interval. If the Power Factor is less than 95% lagging, then Teck will undertake reasonable investigations and appropriate action to improve its Power Factor over time.

Frequency Conditions

The interconnected grid frequency is 60 Hertz and will be maintained by BCH automatic generation control within a nominal tolerance of +/-0.5 Hertz under normal system operation, which is connected to the Western Interconnection.

Power Quality Conditions

The harmonic content of the voltage and current emanating from either Party's System at the Point of Interconnection shall be restricted to levels which will not cause interference or equipment operating problems for their respective Systems. There are both voltage and current harmonics, each requiring separate analysis and control. Harmonic effects are dependent on the

magnitude and frequency of the harmonic and on the electrical characteristics of the total electrical system.

The Parties shall, upon request, use their respective commercially reasonable efforts to provide each other with the characteristics of any harmonic-producing devices, the magnitude and frequency of harmonics produced, and harmonic filtering, if any.

On request, the Parties will supply each other with ambient harmonic levels and the harmonic impedance spectrum looking into their respective Systems at the Point of Interconnection.

Remedial Action Scheme (RAS) Conditions

The Teck RAS consists of relays at the WHS and the ESS that can operate on both absolute frequency and rate-of-change of frequency (df/dt) in the event that the Waneta System generation is islanded with the Teck System electrical load. Load or generation will be shed in order to restore the system balance in the island. The scheme will operate in the event of an n-2 contingency of either, 71 Line (71L) and 77 Line (77L), or 71L and 62 Line (62L). The 71L and 62L line open signals are supplied locally and the 77L line open signal is delivered from the FortisBC Kootenay RAS. The load shed function at ESS and the generation shedding scheme at the Waneta System operate independently and require only receipt of the external n-2 signal, with an imbalance of load/generation, in order for tripping to be initiated.

The load shed function at ESS is achieved by providing a signal to the Industrial Operations connected to ESS to trip individual loads rather than opening feeder breakers at ESS associated with the Industrial Operations.

Contingency Operation

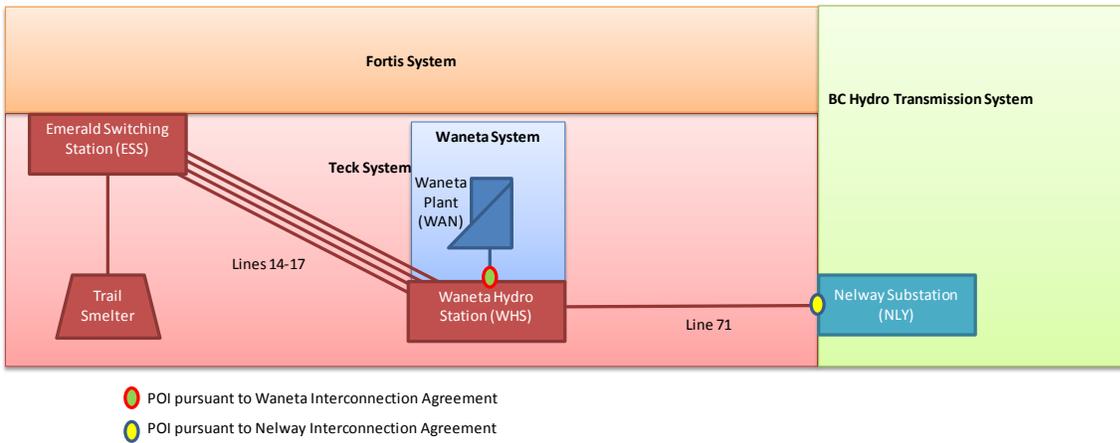
If one of Line 71, Line 62 or Line 77 are out of service, and there is a forecasted storm event or a known condition that could put Line 71, Line 62 or Line 77 at higher risk of going out-of-service, and the next contingency could island the Industrial Operations with the Waneta Plant, generation at the Waneta Plant will be dispatched to manage contingencies consistent with past practice (as of the Effective Date) subject to applicable laws, environmental considerations (including water limitations), Good Utility Practice, and technical or physical limitations or restrictions on the applicable equipment. After the end of the term of the Waneta Lease Agreement, BC Hydro will provide all information on the Waneta Plant, and all generation, transmission, protection, control and communication facilities owned by BC Hydro between the Waneta Plant and the point of interconnection with the BC Hydro Transmission System at the Waneta Hydro Station, that Teck may reasonably require in connection with the operation of Waneta for contingencies as described in this paragraph.

SCHEDULE D – EXISTING OPERATING ORDERS

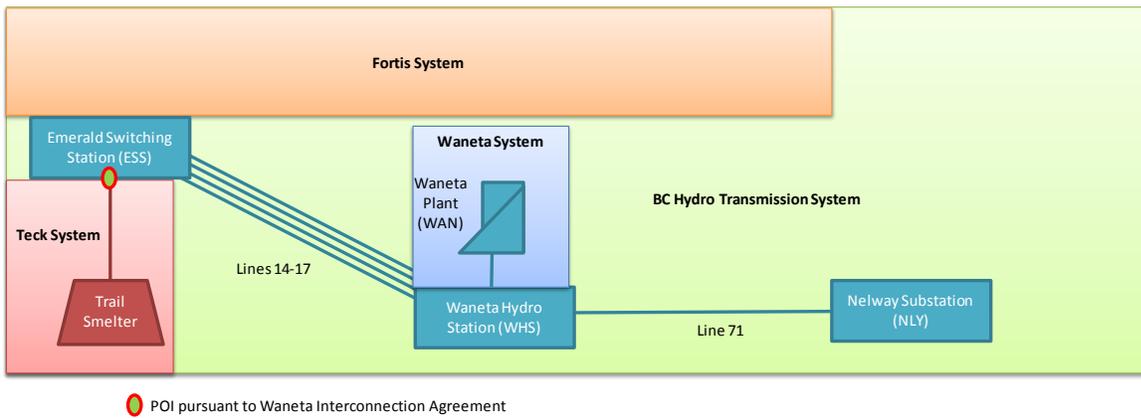
1. FortisBC Operating Order 2P-23 (Teck RAS) (dated March 5, 2014)
2. FortisBC Operating Order 5G-06 (Waneta) (dated July 17, 2013)
3. FortisBC Operating Order 7TR-14L (14 Line Operation) (dated January 30, 2013)
4. FortisBC Operating Order 7TR-15L (15 Line Operation) (dated January 30, 2013)
5. FortisBC Operating Order 7TR-16L (16 Line Operation) (dated January 30, 2013)
6. FortisBC Operating Order 7TR-17L (17 Line Operation) (dated January 30, 2013)
7. FortisBC Operating Order 7TR-71L (71 Line Operation) (dated May 29, 2013)
8. Teck-FortisBC Operating Order 9E-20 (Teck System Restoration Plan) (dated March 31, 2017)

SCHEDULE E – SYSTEMS

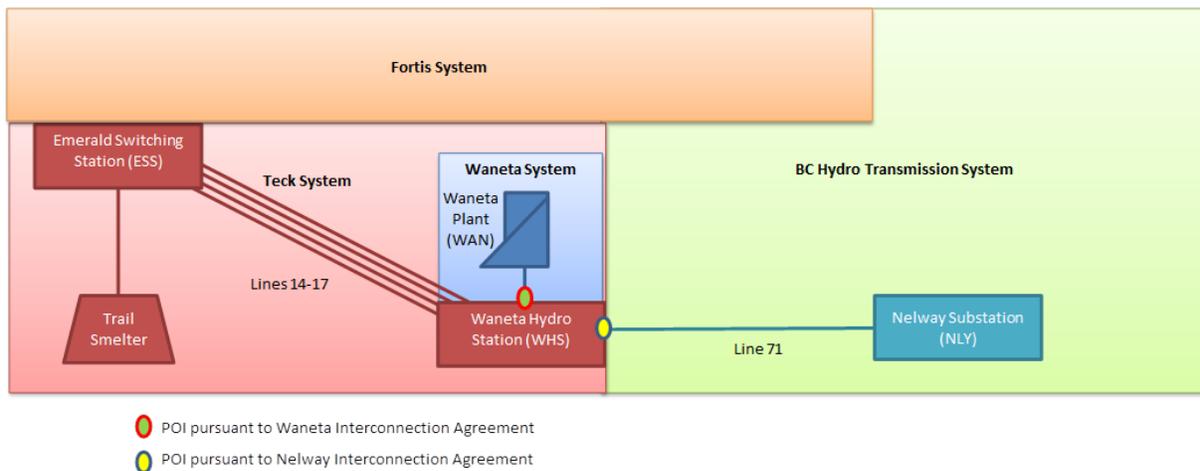
A. BC Hydro, Teck, Waneta and Fortis Systems during the Lease.



B. BC Hydro, Teck, Waneta and Fortis Systems post-Lease.



C. BC Hydro, Teck, Waneta and Fortis Systems during the Lease but after default where BCH acquires Line 71.



**Waneta 2017 Transaction Application
Transmission Agreements**

**Attachment 3
Table of Concordance**

Table of Concordance
Transmission Agreement Term Sheet
August 1, 2017

TA = Waneta Transmission Agreement
WA = Teck Wheeling Agreement
IA = Waneta Interconnection Agreement

	Term Sheet Section	Section #
1.	Recitals	<p><u>TA</u></p> <ul style="list-style-type: none"> • Recital C (ownership) • Definition of “Teck” Transmission Assets” and Schedule A • Definition of “Line 71 Assets” • Definition of “Line 71 Scheduling Rights” • Definition of “Lines 14-17” • Definition of “Waneta Hydro Station” and “Waneta Assets” • Definition of “Teck Transmission Options” • Definitions of “Transmission Assumed Contracts” and “Line 71 Assumed Contracts” and Schedule D • Definition of “Emerald Switching Station” • Definition of Alternate Means • Sections 10.4, 10.5(d), 10.6(c) • Sections 11.1, 11.3(b), 11.4(b)

	Term Sheet Section	Section #
2.	<p>Teck will continue to own, operate and maintain the Teck Transmission Assets, until purchased by BCH pursuant to Section 6. [TA Section 3.1; definition of “Transmission Purchase Closing”; Section 13.2(a)] Teck will:</p> <p>(a) maintain and operate the Teck Transmission Assets as would a prudent owner acting in accordance with Applicable Laws, the Governmental Authorizations and Good Utility Practice, and in material compliance with applicable contracts to which Teck is bound, on the basis that, collectively, the Transmission Assets are required to supply a large industrial customer and for which no system redundancies or alternate supply options exist [TA Section 3.2]; and</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 3.1 • Definition of “Transmission Purchase Closing” • Section 13.2(a) • Section 3.2
	<p>(b) use commercially reasonable efforts to extend the time for exercising Teck’s option(s) to purchase capacity and/or asset rights on Lines 62, 77 and 79 [TA definition of “Teck Transmission Options”] until 90 days after expiry or termination of the Lease [TA Section 3.4(a)], failing which:</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 3.4(a) • Definition of “Teck Transmission Options”
	<p>(i) Teck will, at BCH’s request, exercise any or all such option(s) as directed by BCH; if there is a cost to extend the option(s) and BCH requests Teck do so [TA Section 3.4(a)], or BCH requests Teck to exercise the option(s) [TA Section 3.4(b)], BCH will pay any costs associated with extending the option(s) or purchasing the capacity and/or rights [TA Section 3.4(a) and 3.4(b)], and BCH may use that capacity and those rights, except to the extent that Teck requires that capacity and/or those rights during the Lease term in order to avoid a plant derate under the CPA or when Teck would otherwise have inadequate transmission to meet its CPA or CPA Subagreement obligations [TA Section 3.4(d)],</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 3.4(a) • Section 3.4(b) • Section 3.4(d)
	<p>(ii) Teck may at its cost exercise its option(s) to purchase capacity and/or asset rights on Lines 62, 77 and/or 79 at any time during the Lease term to the extent Teck requires those rights in order to avoid a plant derate under the CPA or when Teck would otherwise have inadequate transmission to meet its CPA or CPA Subagreement obligations, provided it will consult with BCH to coordinate the exercise of the options(s) so that all capacity and/or asset rights required by either BCH or Teck are secured or can be secured at a future time, [TA Section 3.4(c)]</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 3.4(c)
	<p>(iii) if Teck exercises the option(s), either on its own or at BCH’s request, such capacity and/or asset rights will form part of the Teck Transmission Assets on expiry or earlier termination of the Lease [Section 3.4(d); Schedule A paragraphs (e) and (f)], and the purchase price for the Teck Transmission Assets will be increased by the amount paid by Teck in exercising the option(s), (discounted to reflect prior use as compared to expected future use), [TA Sections 10.5(b) and (c) and 10.6(b)]</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 3.4(d); Schedule A: (e) and f) • Sections 10.5(b) and (c); 10.6(c)

	Term Sheet Section	Section #
	(iv) if Teck exercises the option(s), either on its own or at BCH's request, Teck will maintain, the rights acquired and BCH may use that capacity and those rights except to the extent that Teck requires that capacity and/or those rights during the Lease term in order to avoid a plant derate under the CPA or when Teck would otherwise have inadequate transmission to meet its CPA or CPA Subagreement obligations, [TA Section 3.4(d)]	<u>TA</u> • Section 3.4(d)
	(v) each party will pay a reasonable allocation of costs associated with maintaining and using the capacity and asset rights acquired, commensurate with the party's use, provided if capacity and/or asset rights are acquired at BCH's request, but Teck makes no use thereof, 100% of the costs associated with maintaining and using the capacity and asset rights will be allocated to BCH [TA Section 3.4(e)].	<u>TA</u> • Section 3.4(e)
3.	The Teck Transmission Assets will continue to be subject to existing security granted by Teck to BCH in 2010. The parties will agree to a modification so that the 'Obligations' secured would only be the transmission-related obligations going forward. [TA Section 3.5]	<u>TA</u> • Section 3.5
4.	Teck and BCH will cooperate in good faith to eliminate, or minimize to the greatest extent reasonably possible, any period of time between the expiry or earlier termination of the Lease and the acquisition of the Teck Transmission Assets by BCH. [TA Section 13.1]	<u>TA</u> • Section 13.1
5.	Until BCH purchases the Teck Transmission Assets: (a) Teck will provide transmission/access to BCH as per ss. 19 and 20 of COA [TA Sections 4 and 5] (except for S. 20.4(b) [TA Section 5.4(c)]), which provisions are to be incorporated into the Waneta Transmission Agreement on the basis that after 2035 but during the Lease term, Teck's Participation Percentage is 66.667% and BCH's is 33.333%, and that BCH's Participation Percentage is 100% after the expiry or earlier termination of the Lease [TA definitions of "BC Hydro's Participation Percentage" and "Teck's Participation Percentage"].	<u>TA</u> • Sections 4 and 5 (particularly Section 5.4(c)) • Definitions of "BC Hydro's Participation Percentage and Teck's Participation Percentage"
	(b) Teck will not dispose [TA Section 3.1; definition of "Transfer"] of Teck Transmission Assets except pursuant to requirements equivalent to s. 20.4(b) of the COA, and never in respect of any period beyond the term of the Lease [TA Section 5.4(c)].	<u>TA</u> • Section 3.1 • Definition of "Transfer" • Section 5.4(c)
	(c) Teck and BCH will comply with obligations equivalent to those set out in s. 21 of the COA [TA Section 8], which provisions are to be incorporated into the Waneta Transmission Agreement on the basis that after 2035 but during the Lease term, Teck's Participation Percentage is 66.667% and BCH's is 33.333%, and that BCH's Participation Percentage is 100% after the expiry or earlier termination of the Lease [TA definitions of "BC Hydro's Participation Percentage" and "Teck's Participation Percentage"], provided:	<u>TA</u> • Section 8 • Definitions of "BC Hydro's Participation Percentage and Teck's Participation Percentage"

	Term Sheet Section	Section #
	(i) during the period, if any, after expiry or earlier termination of the Lease and prior to purchase by BCH of the Teck Transmission Assets [TA definition of “Interim Period”; Section 13.2]:	<u>TA</u> <ul style="list-style-type: none"> Section 13.2 Definition of “Interim Period”
	A. Teck will hold the Teck Transmission Assets in trust (to the extent permitted by applicable laws) for the benefit and exclusive use of BCH, and BCH will be responsible for all losses, capital expenditures, O&M, export fees, charges and taxes associated with the Teck Transmission Assets [TA Section 13.2(a)], subject to (x) BCH making available to Teck wheeling services in accordance with the Wheeling Agreement from the BC/US border to the points where Teck’s Industrial Operations connect with ESS in order for Teck to import power to supply its Industrial Operations [TA Section 13.2(a)][WA Section 2.1(a) and (b); definitions of “Point of Receipt” and “Point of Delivery”], and (y) BCH’s right to recover costs, losses and O&M from Teck in respect thereof, each on an equivalent basis to the Wheeling Agreement contemplated by Section 8 [TA Section 13.2(a)]; and	<u>TA</u> <ul style="list-style-type: none"> Section 13.2(a) <u>WA</u> <ul style="list-style-type: none"> Section 2.1(a) and 2.1(b) Definitions of Point of Receipt and Point of Delivery
	B. BCH and Teck will cooperate in good faith and use commercially reasonable efforts to ensure their other respective transmission needs are satisfied, and the interests of BCH and the other Entitlement Parties to the CPA are met in respect of coordination transfers <u>between ESS and Nelway until such time as the Kootenay Interconnection is changed per Section 7(e)</u> . [TA Section 13.2(e)]	<u>TA</u> <ul style="list-style-type: none"> Section 13.2(e)
	(ii) BCH will support Teck’s efforts to maintain the interconnection between L71 and the Bonneville Power Administration system (BPA) (for example, by way of discussions with BPA or letters of support), provided that nothing will require BCH to intervene in BPA regulatory processes. [TA Section 9.1]	<u>TA</u> Section 9.1
	(iii) ss. 21.3(f) and 21.5 of the COA will no longer apply.	Not applicable
6.	Upon the first to occur of:	No longer applicable (timing only)
	(a) the expiry or early termination of the Lease [TA Definition of “Waneta End Date”], or	<u>TA</u> <ul style="list-style-type: none"> Definition of “Waneta End Date”
	(b) the election of BCH following a material breach of Teck’s obligation to deliver BCH’s share of generation at Nelway/border per COA s 19, 20, 21, [TA Section 11.1]	<u>TA</u> <ul style="list-style-type: none"> Section 11.1

	Term Sheet Section	Section #
	<p>Teck will sell to BCH and BCH will purchase from Teck the Teck Transmission Assets [TA Section 10.1] for \$20 million (in dollars at the time of purchase) [TA Section 10.5(a)], plus (i) any costs paid by Teck to exercise the option(s) with respect to Lines 62, 77 and 79 [TA Section 10.5(b) and (c)], and (ii) if elected by BCH, the costs incurred by Teck to acquire Alternate Means [TA Section 10.5(d)]. The costs referred to in ss. (i) and (ii) above will be escalated at CPI from the time incurred [TA Section 10.6(a)], and discounted to reflect their use by Teck and their expected useful life after the purchase by BCH, as compared to the period of use before such purchase [TA Sections 10.6(b) and (c)]. The future purchase right and obligation with respect to the Teck Transmission Assets would be registered where required to preserve the priority of BCH’s purchase right [TA Section 10.8]. Teck would indemnify BCH for pre-existing environmental liabilities associated with ESS [TA Section 10.9(e)].</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 10.1 • Sections 10.5(a), 10.5(b), 10.5(c), and 10.5(d) • Sections 10.6 (a), 10.6(b) and 10.6(c) • Section 10.8 • Section 10.9(e)
7.	<p>In connection with BCH’s purchase of the Teck Transmission Assets:</p>	
	<p>(a) Teck will deliver the agreements and documents required to transfer the Teck Transmission Assets to BCH [TA Section 10.9(b)], including Statutory Rights of Way with respect to the assets forming part of ESS [TA Section 10.9(c)], subject to having received required consents (material consents required from third parties, other than approval from the NEB for assignment of the NEB permit, will be a condition of closing the Teck/BCH Transaction) [TA Section 10.9(a)].</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 10.9(b) • Section 10.9(c) • Section 10.9(a)
	<p>(b) Teck will provide representations and warranties to BCH in respect of the Teck Transmission Assets equivalent to the representations and warranties given in respect of those assets in the purchase agreement entered into between Teck and Fortis under the Teck/Fortis transaction, and subject to equivalent limitations, except the amount of the ‘basket’ will be \$500,000 with respect to the Teck Transmission Assets on their own. [TA Section 10.9(e) and Schedule C]</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 10.9(e) and Schedule C
	<p>(c) For so long as Teck’s zinc refinery, lead smelter or other industrial and commercial operations at or near Trail and Warfield, British Columbia, including the oxygen plant and other third party-owned facilities integrated into those operations (“Teck’s Industrial Operations”) continue to operate, BCH and Teck will negotiate, enter into and maintain in place an Interconnection Agreement between ESS and Teck’s Industrial Operations (to be attached based on Exhibit 8 to the Waneta Purchase Agreement attached to the Sale Notice) [IA – Section 3.1 (Term); TA – Sections 10.9(f) and 11.7(g) – transmission and Line 71 purchase closing conditions] and providing for access rights for both BCH and Teck for their respective purposes. [IA – Section 5.4.2 – site access]</p>	<p>IA</p> <ul style="list-style-type: none"> • Section 3.1 • Section 5.4.2 <p>TA</p> <ul style="list-style-type: none"> • Sections 10.9(f) and 11.7(g)
	<p>(d) In the case of purchase pursuant to Section 6(b) (breach by Teck), the price payable would be net of any losses that BCH has suffered as a result of Teck’s breach of Section 5. [TA Section 11.3(c)]</p>	<p>TA</p> <ul style="list-style-type: none"> • Section 11.3(c)

	Term Sheet Section	Section #
	(e) The Kootenay Interconnection under the CPA would be changed so that it would no longer include Nelway, but would instead include (i) the point where Line 62 connects with ESS and (ii) the points where Teck’s Industrial Operations connect with ESS. [TA Section 10.1] Amendments to the CPA to allow for the foregoing change in the Kootenay Interconnection will be a condition of closing under the Teck/BCH transaction.	<u>TA</u> <ul style="list-style-type: none"> Section 10.1
8.	Upon purchase by BCH of the Teck Transmission Assets pursuant to Section 6(a) (termination or expiry of the Lease), then provided Teck’s Industrial Operations have not then ceased in perpetuity to require a source of power, including for certainty any period following closure of Teck’s Industrial Operations but during which period salvage, remediation or other decommissioning work is undertaken [WA definitions of “Service Termination Date” and “Service Commencement Date”, paragraph (ii)], BCH will provide 300MW of import wheeling from the BC/US border to the POI between ESS and Teck’s Industrial Operations solely to serve Teck’s Industrial Operations and for no other purpose (including, without limitation, the trading or marketing of electricity) [WA Section 2.1(a) and (b); definitions of “Point of Receipt” and “Point of Delivery”; definition of “Import Scheduling Rights”; Schedule A (particularly Section 2.6)], on terms set out in a Wheeling Agreement [TA Sections 10.9(h) and 11.7(i)] (to be attached, based on Exhibit 6 to the WPA attached to the Sale Notice, with changes to be consistent with this Term Sheet). Terms will include:	<u>WA</u> <ul style="list-style-type: none"> Definition of “Service Termination Date” and “Service Commencement Date” Section 2.1(a) and 2.1(b) Definition of “Point of Receipt” and “Point of Delivery” Definition of “Import Scheduling Rights” Schedule A (Section 2.6) <u>TA</u> <ul style="list-style-type: none"> Sections 10.1, 10.9(h), 11.7(i)
	(a) The schedule and curtailment priority for Teck’s imports under the Wheeling Agreement will be equivalent to the Line 71 Scheduling Rights, and BCH’s obligation to make available transmission capacity for Teck’s imports will be limited in accordance with the Line 71 Scheduling Rights, in both cases as applicable immediately prior to termination of the Lease, notwithstanding that the Line 71 Agreement, as amended, may no longer apply upon termination of the Lease. [WA Section 2.1(a), definition of “Import Scheduling Rights”, Schedule A]	<u>WA</u> <ul style="list-style-type: none"> Section 2.1(a) Definition of “Import Scheduling Rights” Schedule A
	(b) The scheduling practices for Teck’s imports under the Wheeling Agreement will be equivalent to those applicable under the Line 71 Scheduling Rights immediately prior to termination of the Lease, notwithstanding that the Line 71 Agreement, as amended, may no longer apply upon termination of the Lease; [WA definition of “Wheeling Service”; definition of “Import Scheduling Rights”, Schedule A]	<u>WA</u> <ul style="list-style-type: none"> Definition of “Wheeling Service” Definition of “Import Scheduling Rights” Schedule A

	Term Sheet Section	Section #
	(c) The Interconnection Agreement (referred to in Section 7(c)) would specify requirements, including adequate notice to BCH for planning purposes re increases in load, required studies, and costs of upgrades, etc, if any, in order for Teck to increase the smelter load from the current load (approximately 227MW) up to the maximum of 300MW. At Teck's request, the parties would negotiate in good faith if Teck is then willing to accept a lesser degree of wheeling reliability in exchange for less costly upgrades than might otherwise be required. [IA – Section 2.4.5]	<u>IA</u> • Section 2.4.5
	(d) It will be a condition of closing the Teck/BCH Transaction that the parties have obtained Regulatory Support (to be defined as per the Teck/Fortis WPA i.e. a UCA s 22 exemption order, BCUC approval of the transaction and Wheeling Agreement, or other agreed regulatory support).	Not included in the transmission agreements
	(e) In connection with the Wheeling Agreement, Teck will obtain any necessary Ancillary Services then required in connection with supplying its Industrial Operations by imports using the Wheeling Agreement. [WA – Section 2.1(c)] If requested by Teck, BCH would provide to Teck the same Ancillary Services as it would then provide to OATT customers serving a load, at tariff rates [WA – Sections 2.1(c)(i), 2.1(c)(v)] other than (i) Reactive Supply and Voltage Control, and (ii) Regulation and Frequency Response [WA – Sections 2.1(c)(ii) and (iii)] which are provided through the Interconnection Agreement.	<u>WA</u> • Section 2.1(c)
	(f) In connection with the Wheeling Agreement, if requested by Teck, BCH will supply Teck with an imbalance service at tariff rates that would: [TA Section 15]	<u>TA</u> • Section 15
	(i) provide for variations (within a reasonable band consistent with normal operations) between load at Teck's Industrial Operations and Teck's import schedules; [TA Section 15.1(a)]	<u>TA</u> • Section 15.1(a)
	(ii) provide continued service to Teck's Industrial Operations to cover failed import schedules; [TA Section 15.1(b); Section 15.4(b)] if BCH does not then have an imbalance tariff applicable to large industrial loads served by retail access, BCH will develop a tariff, in consultation with Teck, reflective of the reasonable cost to BCH of holding system resources available to cover the failed import schedule, but intended to (i) discourage Teck and/or Teck's suppliers from gaming/arbitrage between market prices and the tariff imbalance price, and (ii) discourage the import of unreliable, non-firm or variable energy or the use of non-firm transmission, in each case recognizing the cost to BCH of holding system resources in the case of an imbalance; the parties would negotiate in good faith to determine if shedding a portion of load at Teck's Industrial Operations would reduce the need for, and cost of, this imbalance service. [TA Section 15.2]	<u>TA</u> • Section 15.1(b); 15.4(b) • Section 15.2

	Term Sheet Section	Section #
	(g) Teck would be responsible for losses and contribution towards O&M as provided for in the Wheeling Agreement [WA Section 3.2]; BCH would be responsible for all other losses and costs. The Wheeling Facilities would include the portion of ESS purchased by BCH. [WA definition of “Wheeling Facilities”]	WA • Section 3.2; definition of “Wheeling Facilities”
	(h) Except where the wheeling service pursuant to the Wheeling Agreement is being provided as a tariff service by a public utility, BCH would grant security to Teck over the facilities used to provide the wheeling service to secure the obligations in the Wheeling Agreement based on Exhibit 6 to the WPA attached to the Sale Notice [TA Sections 14.2 and 14.3], with forms of the definitive security agreements to be finalized together with the Waneta Transmission Agreement.	TA • Section 14.2 and 14.3
9.	If BCH purchases the Teck Transmission Assets under Section 6(b) (breach by Teck), then BCH would nevertheless provide wheeling to Teck pursuant to Section 8 [TA – Section 11.7(i)], provided:	TA • Section 11.7(i)
	(a) Teck’s material default giving rise to BCH’s purchase of the Teck Transmission Assets was not with the intention, in whole or in part, of securing a cheaper source of power; [WA Section 5.3 and definition of “Material Lease Termination Event; TA Section 10.7]	WA • Section 5.3 • Definition of “Material Lease Termination Event” • Section 10.7
	(b) if BCH has an unsatisfied claim for damages against Teck as a result of such material default (including the gross amount of any claim compromised through insolvency proceedings), Teck will pay OATT tariff charges for wheeling until such claim is satisfied (the difference between BCH’s tariff rate and the rate provided for in the Wheeling Agreement being applied to such claim for damages; and [TA Section 11.5(a)][WA Section 5.4(a)]	TA • Section 11.5(a) WA • Section 5.4(a)
	(c) if payments under Section 9(b) would be insufficient (as determined by BCH acting reasonably) to pay any unsatisfied claim for damages within 2 years of the purchase by BCH, BCH may at its option terminate the Wheeling Agreement, subject to a 60 day notice and cure period. [TA Section 11.5(b)][WA Section 5.4(b)]	TA • Section 11.5(b) WA • Section 5.4(b)
10.	The parties recognize that they are unable to anticipate all circumstances that could arise that may require transmission arrangements between the parties, and with other parties, that are different than those described in this Term Sheet in order to meet the needs of the parties with respect to transmission. [TA Section 17.1] The parties will identify as many of these as practical in the course of negotiating a definitive Waneta Transmission Agreement and agree on mutually acceptable solutions. The definitive Waneta Transmission Agreement will contain provisions requiring the parties to negotiate in good faith and use commercially reasonable efforts to agree on solutions for circumstances that are not addressed in the agreement. [TA Section 17.1]	TA • Section 17.1

	Term Sheet Section	Section #
11.	<p>In the future, if BCH determines in its sole discretion that providing wheeling to Teck in accordance with the Waneta Transmission Agreement and Wheeling Agreement after expiry or early termination of the Lease is not in BCH's interests, BCH may propose an alternative way of supplying Teck's Industrial Operations. Provided the alternative way of supplying Teck's Industrial Operations [TA Section 16.1] (i) is as reliable as imports from the United States, wheeled from the BC/US border to ESS in accordance with the Wheeling Agreement, [TA Section 16.1(a)] and (ii) is no more expensive to Teck than purchasing power in the United States (having the level of reliability and attributes (including environmental attributes) required to supply Teck's Industrial Operations) and wheeling same to ESS, taking into account expected transmission losses and costs of transmission commensurate with the reliability of supply [TA Section 16.1(b)], BCH may procure supply for Teck's Industrial Operations in the proposed alternative way, instead of providing wheeling to Teck in accordance with the Waneta Transmission Agreement and Wheeling Agreement. The parties will negotiate in good faith to agree on terms and conditions of the supply, and to obtain any required regulatory approvals. Failing agreement on terms, either party may submit the matter for dispute resolution pursuant to a referee process under, or similar to, Section 6.7 of the COPOA. The Referee must establish terms and conditions for the alternate supply that meet applicable regulatory requirements. BCH is responsible for securing all regulatory approvals required to support the alternate supply option on a basis that provides Teck with no less surety of supply, as determined by Teck acting reasonably, failing which BCH will not supply and Teck will have no right to be supplied based on the alternative way proposed by BCH, and the Wheeling Agreement will remain in full effect. [TA Section 16.1 – follow-on language.]</p>	<p><u>TA</u></p> <ul style="list-style-type: none"> • Section 16.1
12.	<p>Teck may not transfer its interest in the Lease to a third party without also transferring its rights and obligations under the Waneta Transmission Agreement to the same third party and may not transfer its interest in the Waneta Transmission Agreement except to the transferee of its interest in the Lease, and always provided that BCH consents to transfer by Teck of its interest in the Lease, where such consent is required. [TA Sections 21.2 and 21.3] Any transfer will be subject to the transferee continuing to provide security for its obligations to BCH under the Waneta Transmission Agreement. If transferred with consent of BCH, then Teck (and its guarantor, if any) will be relieved of its obligations under the Waneta Transmission Agreement, provided that the creditworthiness of the transferee, or the guarantor (if any) of the transferee's obligations under the Waneta Transmission Agreement, whichever is better, is equal to or better than the creditworthiness of Teck or Teck's guarantor (unless the guarantee has then terminated in accordance with its terms), at that time, whichever is better. [TA Section 21.2]</p>	<p><u>TA</u></p> <ul style="list-style-type: none"> • Section 21.2 and 21.3
13.	<p>In the case where Teck is in material breach or material default of any of its obligations set forth in the Waneta Transmission Agreement, BCH will have the right, as agent of Teck, to operate the Line 71 Assets to the extent necessary to ensure that it obtains all of the benefits of its rights under the Waneta Transmission Agreement and will have access to the Waneta Hydro Station and any other Waneta Assets as well as any other assets of Teck that are necessary for the purpose of operating the Line 71 Assets and will have the right for and on behalf of Teck (pursuant to the limited power of attorney granted by Teck to BCH concurrently with the execution of this Agreement) to provide schedules to BC Hydro Grid Operations pursuant to the Line 71 Scheduling Rights and appropriate instructions to FortisBC and BCH and any other applicable Person in respect of all applicable interconnection agreements to which Teck is a party. [TA Section 18.1]</p>	<p><u>TA</u></p> <ul style="list-style-type: none"> • Section 18.1