

**Maritime Link Transmission Project
Industrial and Employment Benefits Agreement**

THIS AGREEMENT, made effective this 26th day of November, 2014

BETWEEN:

**HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR,
as represented by the Minister of Natural Resources and the Minister for
Intergovernmental Affairs**

("Newfoundland and Labrador")

AND:

NSP MARITIME LINK INC.

("NSPML")

AND:

**HER MAJESTY IN RIGHT OF NOVA SCOTIA,
as represented by the Minister of Energy**

("Nova Scotia")

WHEREAS under and by virtue of the *Environmental Protection Act*, SNL 2002, c E-14.2, as amended, NSP Maritime Link Inc. notified the Minister of Environment and Conservation of Newfoundland and Labrador of the proposed Maritime Link Transmission Project and the Minister determined that an Environmental Preview Report ("EPR") was required; and

WHEREAS on January 17, 2013, NSP Maritime Link Inc. submitted an Environmental Assessment Report to the Minister of Environment and Conservation committing to develop a Newfoundland and Labrador Benefits Agreement; and

WHEREAS NSP Maritime Link Inc. has committed to executing the Newfoundland and Labrador Benefits Agreement with the Provinces, the within Agreement constitutes the NSP Maritime Link Inc. Benefits Agreement; and

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WHEREAS the Governments of Newfoundland and Labrador and Nova Scotia entered into a Memorandum of Understanding detailing Maritime Link-related terms and principles, dated November 28, 2011.

NOW THEREFORE THIS AGREEMENT WITNESSES that for and in consideration of the mutual covenants and conditions hereinafter set forth, NSP Maritime Link Inc. and the Provinces agree as follows:

PART I – Commitment to Benefits

This Benefits Agreement outlines the overall benefits for the construction of the Maritime Link Transmission Project. It will inform all contracts, purchasing, and employment and all contractors and subcontractors will be required to adhere to the terms contained within this Agreement. The overriding objective of this Benefits Agreement is to provide opportunities and benefits to the people of the Provinces during the construction phase of the Project.

All work for the Project that can be performed in the Provinces shall be performed in the Provinces. Nothing in this Agreement shall contravene the Maritime Link-related terms and principles contained within the Memorandum of Understanding between the Governments of Newfoundland and Labrador and Nova Scotia dated November 28, 2011 (the "MOU").

PART II – Definitions

The following words and terms, wherever used in this Agreement, shall have the following meanings:

"Assembly" means the following land based activities:

- a) The fitting together of manufactured items or structural components into a complete structure;
- b) Installation of duct work;
- c) Installation of piping;
- d) Installation of mechanical, electrical instrumentation, communications, heating, ventilation and air conditioning systems;
- e) Installation of manufactured components and equipment; and
- f) All temporary works supporting Assembly.

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"Collective Agreements" means the Collective Agreement between NSPML and the International Brotherhood of Electrical Workers ("IBEW"), dated January 28, 2013 and any collective agreements signed with labour unions in Nova Scotia.

"Construction" means the following land based activities:

- a) Civil construction;
- b) Mechanical completion and commissioning work; and
- c) All infrastructure and temporary works supporting Construction.

"Coordinator" means the Coordinator NL, Coordinator NS and Coordinator NSPML, who shall be responsible for administering the implementation of this Agreement and communicating information which a Party requires in connection with compliance with this Agreement. "Coordinator NL" shall refer to an individual appointed as a coordinator by the Newfoundland and Labrador Department of Natural Resources, and an alternate for that individual; "Coordinator NS" shall refer to an individual appointed as a coordinator by Nova Scotia, and an alternate for that individual; and "Coordinator NSPML" shall refer to an individual appointed as a coordinator by NSPML and an alternate for that individual.

"Designated Groups" means individuals or groups of individuals, including women, Aboriginal persons, persons with disabilities, and members of visible minorities, as identified in the Diversity Plan.

"Diversity Plan" has the meaning set out in Part IV, section 5.2.

"Governments" means the Government of Newfoundland and Labrador and the Government of Nova Scotia.

"Land Transmission Component" has the meaning set out in Part III.

"NSPML" means NSP Maritime Link Inc.

"Person Hours" means hours spent by any person doing work in relation to the Project.

"Project" means the construction project described in Part III.

"Provinces" means the Province of Newfoundland and Labrador and the Province of Nova Scotia.

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"Resident of Newfoundland and Labrador" means a person ordinarily resident in the Province or who meets the requirements of the *Elections Act, 1991*, SNL 1992 c E-3.1, as amended.

"Resident of Nova Scotia" means a person ordinarily resident in the Province of Nova Scotia or who meets the requirements of the *Municipal Elections Act, R.S. c 300, s. 1*, as amended.

"RFP" means a request for proposal.

"Specialized Engineering" refers to specialized engineering expertise of a particular and specific nature which is ordinarily performed in limited centers worldwide.

"Subsea Cabot Strait Component" has the meaning set out in Part III.

"Supplier Diversity" is the proactive business process of sourcing products and services from previously under-used suppliers including women-owned businesses and businesses owned by other designated groups as described in NSPML's Diversity Plan.

PART III – Project Description

The Project consists of the design, development and construction of the Maritime Link Transmission Project between the Island of Newfoundland and Cape Breton, Nova Scotia. The transmission link is a 500 MW, +/-200 to 250 kV high voltage transmission system that includes the following elements and associated infrastructure: transmission corridors, subsea cables, shore grounding facilities, two converter stations and adjoining substations, two transition compounds and other potential infrastructure as required. The two main geographical components of the project are:

1. Land Transmission Component, which includes:
 - a) In southwestern Newfoundland, a new direct current ("DC") transmission line between Cape Ray and Bottom Brook along an existing transmission corridor (approximately 140 kilometres), and an alternating current ("AC") transmission line between Bottom Brook and Granite Canal in a combination of existing and new corridors (approximately 160 kilometres);
 - b) In Cape Breton, Nova Scotia, a new DC transmission line (approximately 50 kilometres) parallel to an existing transmission corridor centerline between Point Aconi and Woodbine; and
 - c) All substations/switchyards, converter stations, grounding sites, grounding lines and transition compounds in the Provinces (together the "Land Transmission Component").

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2. Subsea Cabot Strait Component, which includes:

- a) Crossing the Cabot Strait, two subsea cables spanning approximately 170 kilometres including but not limited to associated work between the terminal points of the subsea cable systems at the transition sites located at Cape Ray, NL and Point Aconi, NS (the "Subsea Cabot Strait Component").

PART IV – Industrial Benefits

1. Project Management

- 1.1 NSPML shall maintain project offices in the Provinces for the construction and management of the Project in the Provinces.
- 1.2 Project management activities of NSPML shall be located in the Provinces. All key decisions relating to the Project shall be made from within the Provinces.

2. Project Management and Engineering

- 2.1 NSPML and its contractors and sub-contractors shall perform all engineering and project management for the Project in the Provinces, except Specialized Engineering that meets the conditions set out in section 2.4.
- 2.2 Based on current estimates, not less than the following number of project management and engineering hours for the Project shall take place within the Provinces:

500,000
- 2.3 Based on current estimates, not less than the following number of project management and engineering hours for the Project shall take place within the Provinces:
 - a) Land Transmission Component: 475,000 Person Hours; and
 - b) Subsea Cabot Strait Component: 25,000 Person Hours.
- 2.4 Specialized engineering may occur outside the Provinces when the following conditions are met:
 - a) The work is integral to the Project; and
 - b) The work is of such limited duration or intensity that relocating the necessary expertise to the Provinces is impractical.

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2.5 NSPML shall use all reasonable efforts to have Specialized Engineering performed in the Provinces including:

- a) Paying commercially reasonable costs to relocate required personnel to the Provinces; and
- b) Providing wages, benefits and accommodations that are competitive with those in jurisdictions from which the required expertise or experience is obtained.

2.6 In the event that there is Specialized Engineering undertaken outside the Provinces, NSPML shall ensure that such Specialized Engineering is in full collaboration with engineering efforts within the Provinces and the results of such Specialized Engineering shall be integrated into this engineering effort as soon as practicable.

2.7 Coordinator NSPML shall provide Coordinators NL and NS with written notice in advance of proceeding with Specialized Engineering outside of the Provinces. Such written notice shall include a description of the work and how each of the criteria related to Specialized Engineering have been met, including demonstration of the effort that has been undertaken towards having the work performed in the Provinces.

2.8 NSPML shall ensure that its contractor(s) are aware of and comply with NSPML's commitments in this Part.

9. Procurement and Contracting

3.1 From the project offices in the Provinces, NSPML shall:

- a) Issue all Request for Proposals/Procurement related documents;
- b) Be the primary point of contact for all inquiries regarding contracts and procurement;
- c) Coordinate supplier development activities;
- d) Make all decisions related to procurement;
- e) Issue procurement awards; and
- f) Conduct all meetings with suppliers (other than those necessary to be performed at the supplier's location) related to procurement.

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3.2 NSPML shall ensure equal treatment to Newfoundland and Labrador and Nova Scotia-based contractors, service providers, consultants and suppliers for the Project as follows:

- a) Provide full and fair opportunity to participate, on a competitive basis, in the supply of goods and services;**
- b) All requests for proposals and bid packages in relation to the Project shall require that bidders use standards that meet the requirements of Canadian governmental authorities and shall specify Canadian standards where appropriate;**
- c) Require that contractor(s) be aware of the terms of this Benefits Agreement that are relevant to the activities of such contractor(s) and shall cause such contractor(s) to comply with the terms of this Benefits Agreement that are relevant to such activities of such contractor under such contracts;**
- d) Conduct appropriately timed supplier development workshops, so that potential suppliers and contractor(s) can prepare for bidding opportunities and establish business relationships and promote and encourage technology transfer opportunities;**
- e) Conduct one or more safety workshops open to potential contractor(s) and subcontractor(s) to ensure that potential bidders have the opportunity to meet necessary safety requirements;**
- f) Provide open, timely and transparent access to procurement opportunities in relation to the Project; and**
- g) Develop and conform to contracting and purchasing policy that shall, at a minimum, require NSPML and its contractor(s) to:**
 - i. Provide reasonable and advance notice to the supply and service community of all procurement opportunities;**
 - ii. Become familiar with Newfoundland and Labrador and Nova Scotia contractor capabilities, and size and design packages in a manner which recognizes those capabilities;**
 - iii. Communicate with suppliers and contractors and, when requested, make reasonable efforts to guide them in qualifying for future opportunities;**
 - iv. Ensure the contracting and procurement process is open and transparent and include the names and contact information of appropriate personnel;**
 - v. Require benefits information as part of the request for proposal process in sufficient detail to assess the Newfoundland and Labrador and Nova**

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- Scotia benefits to be derived from a proposal requiring bidders to complete a benefits questionnaire as part of that process;
- vi. Communicate with unsuccessful bidders, when requested, to help them better prepare for future opportunities; and
 - vii. Publish the procurement and contracting process and procurement opportunities on NSPML's website.

4. Construction and Assembly

- 4.1 NSPML acknowledges and agrees that all Construction for the Project shall occur in the Provinces.
- 4.2 Based on current estimates, not less than the following number of Construction and Assembly Person Hours for the Project shall take place in the Provinces:

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- 4.3 Based on current estimates, not less than the following number of Construction and Assembly Person Hours shall take place in the Provinces:
 - a) Land Transmission Component: 980,000 Person Hours; and
 - b) Subsea Cabot Strait Component: 20,000 Person Hours.
- 4.4 NSPML Construction Hiring Protocol:
 - a) Consistent with the Canadian Charter of Human Rights and Freedoms and the other terms and conditions of this Benefits Agreement, first consideration for employment shall be given to qualified Residents of Newfoundland and Labrador and/or qualified Residents of Nova Scotia. Any collective agreements entered into by NSPML or its primary contractors shall contain provisions consistent with this hiring protocol; and
 - b) NSPML, the IBEW and any other labour unions which NSPML enters into collective agreements with agree that union referrals and contractor name hiring and selection shall give priority to qualified Residents of Newfoundland and Labrador and/or qualified Residents of Nova Scotia and taking into account this Benefits Agreement and the gender equity and diversity objectives established in both Provinces and formalized within the Diversity Plan with the Province of Newfoundland and Labrador.
- 4.5 NSPML shall put in place language and/or an MOU with any involved union(s) that ties the Diversity Plan to the Collective Agreement(s) and indicates that the

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parties agree to, where possible, use the name hire/selection process to achieve gender equity and diversity objectives of the Project.

5. Gender Equity and Diversity

- 5.1** It is expected that NSPML and their contractors and sub-contractors shall comply with all applicable current federal and provincial (NS and NL) employment equity laws.
- 5.2** NSPML shall fully implement and abide by its Diversity Plan, as approved by the Minister Responsible for the Status of Women of Newfoundland and Labrador.
- 5.3** NSPML shall prepare annually a comprehensive Gender and Diversity Report that identifies progress on all goals, programs and practices outlined in the Diversity Plan, in addition to other reporting requirements found in section 7.

6. Research & Development – Education & Training

6.1 Training and Development:

- a)** NSPML shall provide 4-6 engineering/project management trainee development positions for new graduates in various fields for approximately one year terms. These positions shall be divided between Nova Scotia and Newfoundland and Labrador, with 2-3 located at NSPML offices in St John's and 2-3 located in Halifax;
- b)** These positions shall align with areas of engineering/project management expertise that are required on the Project and development shall focus on one or more of the following areas of expertise: electrical transmission systems design and construction; landfill/marine engineering; HVdc cable design and manufacturing; HVdc converter design technology; and/or project management and controls; and
- c)** NSPML shall fund these one year positions commencing in 2012/13, with a maximum total funding commitment of \$500,000 for the positions.

6.2 Educational Sponsorships for Engineering:

- a)** NSPML shall provide \$200,000 in educational sponsorships to be allocated between NL and NS university engineering programs. These sponsorships shall enable the introduction of Maritime Link related technologies to the next generation of engineers and help create ongoing support during the operations phase, as well as for future energy related Infrastructure projects in the region.

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6.3 Apprenticeship:

- a) NSPML shall, within the spirit of this Benefits Agreement, make every reasonable effort to ensure that contractors provide opportunity for skilled trades registered apprentices, or eligible to register as an apprentice, to become employed on the project, and acquire the skills and guidance to help them progress in their apprenticeship.

7. Reporting

7.1 Monthly Reporting:

- a) NSPML shall provide to the Governments reports on a monthly basis beginning 60 days after the execution of this Benefits Agreement and continuing throughout the construction phase of the Project in a form satisfactory to the Governments;
- b) The monthly reports shall contain the following information, in all cases broken out by National Occupational Classification Code, location, contractor, gender, and designated status (Aboriginal persons, visible minorities, and persons with disabilities), relating to the Project for the period:
 - i. Total number of Person Hours of all work on the Project in that month and to date;
 - ii. Number of Person Hours of project management and Engineering work in the Provinces in that month and to date;
 - iii. Number of Person Hours of Construction and Assembly in the Provinces in that month and to date;
 - iv. Number of Residents of Newfoundland and Labrador and Residents of Nova Scotia employed at the end of the month for the project management team and the percentage of project management team members who are Residents of Newfoundland and Labrador and Residents of Nova Scotia;
 - v. Number of Residents of Newfoundland and Labrador and Residents of Nova Scotia employed at the end of the month for engineering design work and the percentage of engineering design workers who are Residents of Newfoundland and Labrador and Residents of Nova Scotia;
 - vi. Number of Residents of Newfoundland and Labrador and Residents of Nova Scotia residents employed at the end of the month for Construction and Assembly and the percentage of Construction and Assembly workers who are Residents of Newfoundland and Labrador and Residents of Nova Scotia;
 - vii. Number of Person Hours of Specialized Engineering performed outside the Provinces; and

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- vii. Details and descriptions of any research and development and/or education and training initiatives, other than those required in Section 6; and
- ix. Progress on the requirements outlined in Section 6; and

c) Monthly reports shall also provide the following information:

- i. Total value of goods and services purchased that month;
- ii. Total value of goods and services purchased from businesses in the Provinces by geographic location that month;
- iii. Total value of goods and services purchased by industry category (e.g., transportation, fuel, equipment, etc.) that month;
- iv. Cumulative total value of goods and services referred to in subparagraphs (i), (ii) and (iii) for the year to date;
- v. Details of contracts awarded in that month; and
- vi. Details of contracts awarded to businesses owned by women and businesses owned by members of Designated Groups that month.

7.2 Quarterly Reporting:

- a) NSPML shall provide to the Governments reports on a quarterly basis beginning 60 days after the execution of this Benefits Agreement and continuing throughout the construction phase of the Project in a form satisfactory to the Governments;
- b) The quarterly report shall contain the following relating to the Project for the period:
 - i. Information regarding supplier information workshops performed during the reporting period;
 - ii. Report of activities carried out pursuant to the Diversity Plan for both provinces;
 - iii. Procurement update listing all contracts, subcontracts, and purchase orders awarded in the previous quarter. This listing should provide:
 - 1. Item/service;
 - 2. Estimated value of contract/purchase order;
 - 3. Name of successful contractor/vendor;
 - 4. Primary location of work; and
 - 5. Commencement and completion date.
 - iv. Procurement forecasts listing all contracts, subcontracts and purchase orders, which shall commence the contracting process in the upcoming

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quarter. For each contract, subcontract and purchase order this listing should provide:

1. A description of the service(s)/item(s) to be contracted/purchased (material and equipment specifications shall be provided upon request);
 2. Estimated value range of the contract, subcontract or purchase order; and
 3. Anticipated RFP issuance date, RFP closure date and award date.
- v. NSPML shall inform the Governments of all additions and changes to the forecast provided in the quarterly report for the previous quarter; and
- vi. Project progress update.

7.3 Where employment projections are provided, information on the specification of the projection model should be provided indicating the data source used by the model and the underlying assumptions.

7.4 NSPML shall submit the monthly reports referred to in section 7.1 by the end of the month following the month to which the monthly report applies.

7.5 NSPML shall submit the quarterly reports referred to in section 7.2 by the end of the first month following the last month of the quarter to which the quarterly report applies.

7.6 The quarterly reports shall contain the procurement forecast, as outlined in 7.2(b)(iv), for the three month period beginning with the month following the date that the report is filed.

7.7 Following the submission of the report referred to in section 7.2 above, the Coordinators shall meet to review opportunities for benefits in the Provinces in respect of the Project and compliance with the requirements of this Benefits Agreement.

7.8 Each of NSPML and the Governments shall advise the other of any changes in the appointment of its respective Coordinator.

8. Public Updates

8.1 NSPML shall provide regular updates on the Project and shall publish such updates on its website.

8.2 The Ministers of the Governments may, from time to time, provide updates to the public or to the Houses of Assembly on the progress of the Project and NSPML's compliance with these benefits terms.

9. Notices

9.1 All notices, requests, demands, consents or other communications required to be given or made or provided for in this Agreement shall be in writing and shall be deemed to have been given if delivered or if sent by telecopier or other means of electronic transmission to:

For Newfoundland and Labrador:

The Honourable Minister of Natural Resources
7th floor, Natural Resources Building
50 Elizabeth Avenue
P.O. Box 8700
St. John's, NL A1B 4J6

For Nova Scotia:

The Honourable Minister of Energy
Nova Scotia Department of Energy
11th floor, Joseph Howe Building
1690 Hollis Street
PO Box 2664
Halifax, NS B3J 3J9

For NSPML:

Rick Janega
President & CEO
NSP Maritime Link Inc.
9 Austin St.
St. John's, NL
A1B 4C1

10. Entire Agreement

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10.1 It is hereby agreed that this constitutes the entire agreement between the parties and that there are no understandings, representations or warranties of any kind among the Parties except as expressly set forth herein. No changes, alterations, modifications or amendments of this agreement shall be effective unless made in writing and signed by those persons designated for such purpose.

11. Jurisdiction

11.1 This Agreement shall be governed and interpreted in accordance with:

- a) the laws of Newfoundland and Labrador, and the laws of Canada applicable herein, in respect to a claim arising in the Province of Newfoundland and Labrador under this Agreement; and
- b) the laws of Nova Scotia, and the laws of Canada applicable herein, in respect to a claim arising in the Province of Nova Scotia under this Agreement;

and any proceeding shall be brought in the courts of competent jurisdiction of the Provinces, subject to any right to appeal.

12. Counter Part Execution

12.1 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to constitute one and the same instrument.

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Her Majesty the Queen in Right of Newfoundland and Labrador

Represented By:

Signature: [Signature]

Name: DEAN DEWAS

Title: MINISTER OF NR

Signature: [Signature]

Name: Keith Hutchings

Title: Minister of Municipal & Intergovernmental Affairs

Her Majesty the Queen in Right of Nova Scotia

Signature: [Signature]

Name: Andrew Younger

Title: Minister NS Department of Energy

Nova Scotia Power-Martime Link Inc.

Signature: [Signature]

Name: Rick Jareca

Title: President & CEO Enroute NL