

**Contract No. M12129**

**FIRM TRANSPORTATION CONTRACT**

**DAWN TO KIRKWALL**

**BETWEEN**

**UNION GAS LIMITED**

**AND**

**THOROLD COGEN L.P., by its General Partner  
NORTHLAND POWER THOROLD COGEN GP INC.**

**DATED FEBRUARY 2, 2007**

**Schedule 1    Points and Pressures**

**FIRM**  
**TRANSPORTATION CONTRACT**  
**DAWN TO KIRKWALL**  
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**THIS FIRM TRANSPORTATION CONTRACT** dated as of the 2nd day of February, 2007,

BETWEEN:

**UNION GAS LIMITED**, a company existing under the laws of the Province of Ontario,  
(hereinafter referred to as “Union”)

- and -

**THOROLD COGEN L.P., by its General Partner NORTHLAND POWER THOROLD COGEN GP INC.** a company incorporated under the laws of the Province of Ontario,  
(hereinafter referred to as “Shipper”)

WHEREAS, Union owns and operates a natural gas transmission system in southwestern Ontario, through which Union offers “Transportation Services”, as defined in Article V herein;

AND WHEREAS, Shipper wishes to retain Union to provide such Transportation Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Transportation Services requested;

NOW THEREFORE, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

**ARTICLE I - INTERPRETATION AND DEFINITIONS**

1.01 Divisions, Headings and Index: The division of this Contract into Articles, Sections and Subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

1.02 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.

1.03 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words “herein” and “hereunder” and words of similar import refer to the entirety of this Contract, including the Schedules incorporated into this Contract, and not only to the Section in which such use occurs.

1.04 Conflict: In the event of any conflict between the provisions of this Contract and Union’s M12 Rate Schedule, as defined below, the provisions of Union’s M12 Rate Schedule shall prevail over this Contract.

1.05 Measurements: Units set out in SI (metric) measurement are the governing units for the purpose of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail.

1.06 Currency: All reference to dollars in this Contract shall mean Canadian dollars.

1.07 Schedules: Refers to the schedules attached hereto which are specifically included as part of this Contract, and include:

Schedule 1- Points and Pressures

1.08 Rate Schedule: "Union's M12 Rate Schedule" or the "M12 Rate Schedule" or "M12" shall mean Union's M12 Rate Schedule, (including the Storage and Transportation Rates, Schedule "A" (General Terms and Conditions), Schedule "B", and Schedule "C"), or such other replacement rate schedule which may be applicable to the Transportation Services provided hereunder as approved by the Ontario Energy Board, and shall apply hereto, as amended from time to time, as if incorporated into this Contract.

1.09 Definitions: Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in Union's M12 Rate Schedule unless the context hereof otherwise clearly requires. The following definitions shall be read and interpreted as though included in the aforementioned:

(a) "Authorized Overrun" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand.

(b) "Contract Year" shall mean a period of three hundred and sixty-five (365) consecutive days provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date.

(c) "CHP Contract" shall mean the Combined Heat and Power Contract between Shipper and the Ontario Power Authority.

## ARTICLE II

*Intentionally blank*

## ARTICLE III - CONDITIONS PRECEDENT

3.01 The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in this Contract:

(a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, for all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to:

- i) provide the Transportation Services; and,
- ii) construct any facilities necessary to provide the Transportation Services (the "Expansion Facilities"); and,

- (b) Union shall have obtained all internal approvals that are necessary or appropriate to:
  - i) provide the Transportation Services; and,
  - ii) construct the Expansion Facilities; and,
- (c) Union shall have completed and placed into service the Expansion Facilities; and,
- (d) Union shall have received from Shipper ~~the requisite financial assurances reasonably necessary~~ an irrevocable and payable on demand letter of credit in form and substance and on terms satisfactory to ensure Shipper's ability ~~Union in its sole discretion in the amount of~~
  - i) \$200,000 CDN to ~~honour~~ be received by Union on or before February 8, 2007;
  - ii) \$200,000 CDN to be received by Union on or before March 31, 2007; and
  - iii) \$769,000 CDN to be received by Union on or before ~~the provisions of this contract~~ earlier of a) May 11, 2007 and b) within 3 business days of the date upon which Shipper satisfies or waives the condition precedent in Section 3.02 (d) (the "Initial Financial Assurances"). ~~The Initial Financial Assurances, if required, will be as determined solely by Union;~~ and,
- (e) Union shall have received from Shipper an executed Financial Backstopping Agreement, in form and substance reasonably acceptable to the parties; and,
- (f) Shipper and Union shall have entered into the Limited Balancing Agreement or Interruptible HUB Service Contract (the "Facilitating Agreement") with Union.

3.02 The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in this Contract:

- (a) Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under this Contract; and,
- (b) Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under this Contract; and,
- (c) Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute this Contract; and,
- (d) Shipper shall have entered into definitive agreements with lenders upon terms reasonably satisfactory to Shipper.

3.03 Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in Section 3.01 (a), (c), (d), (e), (f) and Section 3.02 (a), (b) and ~~(b)~~. Each party shall notify the other forthwith in writing of their respective satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder.

3.04 If any of the conditions precedent in Sections 3.01(d) or 3.02 are not satisfied or waived by the party entitled to the benefit of that condition

(a) in the case of Section 3.01 (d), by the date as specified in Section 3.01(d); and

(b) in the case of Section 3.02 (a), (b), or (c), by February ~~1, 2008~~, 8, 2007; and

(c) in the case of Section 3.02 (d), by May 31, 2007,

then either party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

3.05 If either party terminates this Contract pursuant to Section 3.04 as a result of a failure to satisfy or waive any of the conditions precedent in Section 3.02 (d), then for a period of five years thereafter, Northland Power and Shipper (and each of their respective affiliates) will: (1) deal exclusively with Union regarding the storage, transportation, delivery or distribution of natural gas to any generating station or similar facility located, or anticipated to be located, in or around the St. Catherines, Ontario area (the “Affected Gas Services”); and (2) not, directly or indirectly, obtain the Affected Gas Services from any other person, or enter into any contract or other arrangement with any other person to obtain the Affected Gas Services.

#### ARTICLE IV - TERM OF CONTRACT

4.01 This Contract shall be effective as of the date of execution hereof; however, the Transportation Service obligations, terms and conditions hereunder shall commence on the later of:

(a) November 1, 2008 (the “Reference Date”); and

(b) the day following the date that all of the conditions precedent set out in Sections 3.01 and 3.02 have been satisfied or waived by the party entitled to the benefit thereof;

(such later date being referred to as the “Commencement Date”), and shall continue in full force and effect until October 31, 2018 (the “Initial Term”).

4.02 If this Contract requires Expansion Facilities to satisfy any Transportation Service,

(a) then to the extent that such Expansion Facilities are only partially completed and placed in service by the Reference Date or at any time thereafter, then any firm capacity available on such partially completed Expansion Facilities (the “Partial Expansion Capacity”) will be allocated in accordance with this Section 4 to all Contracts: (a) which require the same Expansion Facilities for the Contract Demand; and (b) under which all conditions precedent have been satisfied or waived except for such conditions precedent that relate to the completion and placing in-service of the Expansion Facilities.

(b) Such allocation shall be made in priority of the “Contract Value”, such that the Contract with the greatest Contract Value is allocated the entirety of the Contract Demand under such

Contract, the Contract with the next greatest Contract Value is allocated the entirety of the Contract Demand under that Contract, and so forth until all the Partial Expansion Capacity has been allocated; provided that if there remains Partial Expansion Capacity that is less than the entirety of the Contract Demand under a Contract, then such Contract shall only receive such lesser remaining Partial Expansion Capacity. If any two or more Contracts have an equivalent Contract Value and insufficient Partial Expansion Capacity remains to satisfy all such Contracts, then the remaining Partial Expansion Capacity will be allocated pro-rata based on the contract demand among all such Contracts. For purposes of this Section, "Contract Value" means an amount determined by calculating the monthly demand charges per GJ (as determined in accordance with Section 8.01) multiplied by the Initial Term in months.

- (c) If, pursuant to this Section, a Contract is allocated any portion of Partial Expansion Capacity, then the conditions precedent that relate to the completion and placing in-service of the Expansion Facilities shall be deemed to have been waived such that the Initial Term under the Contract will commence. If a Contract is not allocated the entirety of the Contract Demand under such Contract, then such Contract Demand shall be deemed to be such lower allocated amount (and for greater certainty, the Initial Term shall nevertheless be deemed to have commenced) until such time as the Contract is allocated additional Partial Expansion Capacity pursuant to this Section or until the entirety of the Expansion Facilities are completed and placed in-service.
- (d) The procedure contemplated by this Section will be applicable from time to time on each occasion that the Expansion Facilities are incrementally completed and placed in service.

4.03 This Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.

4.04 For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of this Contract.

4.05 Early Termination by Shipper: Notwithstanding Section 4.01, if the CHP Contract is terminated for any reason, Shipper may provide written notice (the "Early Termination Notice") to Union irrevocably:

- (a) electing to terminate this Contract pursuant to this Section; and
- (b) agreeing to pay the Early Termination Amount in accordance with this Section.

In the event such Early Termination Notice is delivered:

- i) Union shall calculate the Early Termination Amount (as defined below) and deliver written notice of such calculation to Shipper within 15 days of receipt of the Early Termination Notice;
- ii) effective as of the later of (such later date being referred to as the "Early Termination Date");

(A) the date specified in the Early Termination Notice (provided that such date shall be the end of a month); and

(B) the last day of the month in which the day that is 60 days after receipt of the Early Termination Notice falls,

this Contract will be terminated and of no further force and effect and each of the parties shall be released from all further obligations hereunder (provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred prior to such termination shall not thereby be released); and

iii) Shipper shall pay the Early Termination Amount to Union on or before the Early Termination Date.

The “Early Termination Amount” is equal to the present value of the amounts that would be payable for the Monthly Demand Charge for the remaining term of this Contract after the Early Termination Date, using the Monthly Demand Charge and a discount rate equal to Union’s weighted average cost of capital.

#### ARTICLE V - TRANSPORTATION SERVICES

5.01 Transportation Services: Union shall, on a firm basis and subject to the terms and conditions herein, transport Shipper’s gas on Union’s system (the “Transportation Services”). Shipper agrees to the following upon nomination to Union for the provision of the Transportation Services:

(a) Contract Demand:

Union shall transport, on a firm basis, a quantity of gas on any one day, of up to 49,500 GJ (46,917 MMBtu) (the “Contract Demand”).

(b) Receipt and Delivery Point:

i) “Receipt Point” shall mean the point(s) where Union shall receive gas from Shipper as follows:

- Dawn (TCPL)
- Dawn (Facilities)
- Dawn (Vector)

ii) “Delivery Point” shall mean the point(s) where Union shall deliver gas to Shipper as follows:

- Kirkwall

which points are more particularly described in Schedule 1.

(c) Gas Transported by Union:

i) Union agrees, on any day, and subject to Sections 5.01 (c) ii) and (c) iii), to receive on Shipper's behalf at the Receipt Point, any quantity of gas which Shipper nominates and which Union has authorized for Transportation Service and to deliver that quantity of gas to Shipper at the Delivery Point;

ii) Under no circumstances shall Union be required to transport a quantity of gas in excess of the

Contract Demand; and,

iii) Union agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas in excess of the Contract Demand, on an interruptible basis.

(d) Fuel:

Shipper shall provide the fuel requirements per the M12 Rate.

5.02 Accounting for Transportation Services: All quantities of gas delivered to/by Union shall be accounted for on a daily basis.

5.03 Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

5.04 Imbalances: The parties hereto recognize that with respect to Section 5.01, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreements and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.

#### ARTICLE VI - FORCE MAJEURE

6.01 An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.

6.02 Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.

6.03 Delay of Firm Transportation Services: Despite Section 6.02, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the day or days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such day or days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Section 6.04 herein.

6.04 Demand Charge Relief for Firm Transportation Services: Despite Section 6.02, if on any day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the Contract Demand, then for that day the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such day and the quantity of gas which Shipper in good faith nominated on such day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent (as stipulated in Section 8) divided by the number of days in the month for which such rate is being calculated.

6.05 If due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, making it necessary for Union to curtail Shipper's gas receipts to Union

hereunder, then Union agrees that the Contract Demand for Transportation Service under this Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro rated.

This pro rationing shall be determined by multiplying the daily capability of such facilities, as available downstream of the impairment, by a fraction, the numerator of which is Shipper's Contract Demand and the denominator of which is the total of all such firm contract demands, including the Contract Demand hereunder and Union's said peak day requirements downstream of the impairment. For the purposes of this Section, firm contract demand shall mean all firm services provided by Union, including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future.

#### ARTICLE VII – SERVICE CURTAILMENT

7.01 Capacity Sharing: Where requests for interruptible Transportation Services hereunder exceed the capacity available for such Transportation Services, Union will accept nominations from shippers and allocate capacity in the order of pricing for Transportation Services and prior quantities moved, and shippers shall be so advised. Any interruptible services provided herein are subordinate to any and all firm services supplied by Union.

7.02 Capacity Procedures: Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.

7.03 Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of this Contract.

To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthly demand charge shall be reduced in accordance with Section 6.04 and available capacity allocated in accordance with Section 6.05 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

#### ARTICLE VIII - CHARGES AND RATES

8.01 Except as otherwise stated herein, the charges and rates to be billed by Union and paid by Shipper for the Transportation Services provided under this Contract will be those specified in Union's M12 Rate Schedule.

8.02 In addition to the charges and rates, Shipper is responsible for any applicable Goods and Services Tax or other taxes, royalties or levies imposed currently or subsequent to the commencement of this Contract.

8.03 Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under this Contract and any enhancements to this Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

#### ARTICLE IX - PRESSURES

9.01 Schedule 1 of this Contract shall govern receipt and delivery pressures which may be revised from time to time by Union upon written notice to Shipper. Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

#### ARTICLE X - QUALITY AND MEASUREMENT

10.01 For Transportation Services provided pursuant to Section 5 hereof:

(a) The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in the M12 Rate Schedule, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

(b) Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

10.02 In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures .

#### ARTICLE XI - NOMINATIONS

11.01 Services provided hereunder shall be in accordance with the prescribed nominations procedure as set out in Schedule "B" of Union's M12 Rate Schedule.

## ARTICLE XII - SHIPPER'S REPRESENTATIONS AND WARRANTIES

12.01 Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under this Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.

12.02 Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under this Contract as a result of one of the following events ("Material Event");

- (a) Shipper is in default, which default has not been remedied, of this Contract or is in default of any other material contract with Union or another party; or,
- (b) Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
- (c) Shipper ceases to be rated by a nationally recognized agency; or,
- (d) Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthly demand charges (in accordance with Section 8) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Section XII of the General Terms & Conditions.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.

## ARTICLE XIII - MISCELLANEOUS PROVISIONS

13.01 (a) Permanent Assignment: Shipper may assign this Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Subsection 3.01 (d), herein. Any such assignment will be for the full rights, obligations and remaining term of this Contract as relates to the Capacity Assigned.

(b) Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under this Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Notwithstanding

such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.

13.02 Notices: All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

Communications to the parties hereto shall be directed as follows:

IF TO SHIPPER: Thorold CoGen L.P., by its General Partner  
Northland Power Thorold CoGen GP Inc.  
30 St. Clair Ave. West  
Toronto, ON M4V 3A2

Nominations: Attention: Gas Co-ordinator  
Telephone: 416-962-6262  
Facsimile: 416-962-6266

Secondary Contact: Attention: VP, Gas and Electricity Marketing  
Telephone: 416-962-6262  
Facsimile: 416-962-6266

IF TO UNION: Union Gas Limited,  
50 Keil Drive North,  
CHATHAM, Ontario N7M 5M1

Nominations: Attention: Manager, Gas Control  
Telephone: 519-436-5217  
Facsimile: 519-436-4635

Secondary Contact: Attention: Director, Business Development  
Telephone: 519-436-4527  
Facsimile: 519-436-4643

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of the "Agreement for Use of the Secured Portion of Union Gas Limited's Website," or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

13.03 Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article X of the General Terms and Conditions, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree this

Contract shall be construed exclusively in accordance with the laws of the Province of Ontario.

13.04 Possession of Gas:

(a) Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.

(b) Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

13.05 Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.

13.06 Entire Contract: This Contract (including the schedules attached hereto and Union's M12 Rate Schedule) constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

13.07 Time of Essence: Time shall be of the essence hereof.

13.08 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all of which together shall constitute one and the same agreement. This Contract may be executed by facsimile.

13.09 Amendments and Waivers: Subject to Union's M12 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of this Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union. No waiver of any provision of this Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under this Contract shall operate as a waiver thereof.

13.10 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

13.11 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

THIS CONTRACT SHALL BE BINDING UPON and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

IN WITNESS WHEREOF this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

**UNION GAS LIMITED**

By: \_\_\_\_\_

**THOROLD COGEN L.P., by its General Partner  
NORTHLAND POWER THOROLD COGEN GP INC.**

\_\_\_\_\_  
Title:

Contract No. M12129

**POINTS AND PRESSURES**

The following defines each Receipt Point and/or Delivery Point:

- DAWN (TCPL):** At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).
- DAWN (FACILITIES):** Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.
- DAWN (VECTOR):** At the junction of Union's and Vector pipeline Limited Partnership ("Vector") facilities, at or adjacent to Dawn (Facilities).
- KIRKWALL:** At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.

Dated: February 2, 2007

**RECEIPT PRESSURES**

**DAWN (TCPL):** Receipts by Union shall be at a pressure of not less than 4,825 kPa.

**DAWN (FACILITIES):** Receipts by Union shall be at a pressure of not less than 4,825 kPa.

**DAWN (VECTOR):** Receipts by Union shall be at a pressure of not less than 4,930 kPa.

**DELIVERY PRESSURES**

**KIRKWALL:** Deliveries by Union to TCPL shall be made at Union's prevailing line pressure which shall be in accordance with the Parkway Operating Agreement.

Dated: February 2, 2007