

**PROVINCE OF MANITOBA
MANITOBA WATER STEWARDSHIP**

INTERIM LICENCE FOR THE DEVELOPMENT OF WATER POWER

Wuskwatim Site, Burntwood River

ISSUED TO 5022649 MANITOBA LTD., being a corporation whose head office address is Box 815, Winnipeg, Manitoba, R3C 2P4, on behalf of **WUSKWATIM POWER LIMITED PARTNERSHIP**, (the "Licensee").

Issued in accordance with *The Water Power Act* (C.C.S.M., c. W60), and the Water Power Regulation (M.R. 25/88R) as amended from time to time.

Background:

- A. Manitoba Hydro by letter, dated June 4, 2003, filed with the Director an application for a Licence to divert, store and use water for the development of power at the Wuskwatim site, at Taskinigup Falls, on the Burntwood River. Manitoba Hydro by letter, dated July 8, 2005, amended this application to change the applicant to the Wuskwatim Power Limited Partnership, a limited partnership with 5022649 Manitoba Ltd. as the General Partner and that is to have Manitoba Hydro and Taskinigahp Power Corporation as Limited Partners.
- B. 5022649 Manitoba Ltd. is wholly owned by Manitoba Hydro.
- C. Provincial water powers and lands required to be used or occupied by the Licensee in carrying out this Undertaking are more fully described and shown in the record plans attached to this Interim Licence as Appendix 1 and as are filed with the Department. Manitoba Hydro was issued a survey permit, dated June 29, 2004, and Manitoba Hydro has fully complied with the requirements of that permit and the Water Power Regulation as required for the issuance of this Interim Licence.
- D. The Licensee has, by Certificate of Acceptance dated June 28, 2006, accepted the terms and conditions of this Interim Licence and has undertaken to observe and fulfil all the terms and conditions of this Interim Licence and the Water Power Regulation that the Licensee is required to observe or fulfil.
- E. The Wuskwatim Power Limited Partnership has entered into an agreement with Manitoba Hydro for the provision of all required infrastructure and services necessary to purchase and receive electric power and energy at the tailrace deck of the Wuskwatim Generating Station and for delivery and resale to end users and consumers.
- F. The Government of Manitoba will transfer certain lands to the Licensee to be used in connection with the construction and operation of the works and for the storage of water at the Wuskwatim Site.
- G. The Government of Manitoba has issued Environment Act Licence No. 2699 to the Licensee setting out terms and conditions, monitoring and reporting requirements with respect to the development of water power at the Wuskwatim Site.
- H. By Order in Council 252/2006, the issuance of this Interim Licence has been approved by Lieutenant Governor in Council.

TERMS AND CONDITIONS OF THE INTERIM LICENCE

PART 1.0 DEFINITIONS

- 1.1 In this Interim Licence, the following words have the meaning ascribed to them and form part of the recital above:
- (a) "ASL" means above mean sea level;
 - (b) "Department" means the Department of Water Stewardship;
 - (c) "Director" means the Executive Director of the Infrastructure and Operations Division of the Department, or such person who is performing the function of Director under *The Water Power Act* and the Water Power Regulation;
 - (d) "Minister" means the Minister responsible for the administration of *The Water Power Act*;
 - (e) "Severance Line" means the line within which, in the event that the licence should ever be terminated either by the failure to renew it upon the expiry of the term, or by voidance, cancellation, or any other legal process, the lands, works, and properties used or useful in connection with the Undertaking should be considered as essentially tributary to the power or storage development, and outside of which such lands, works, and properties should be subject to be taken over on a different basis;
 - (f) "Undertaking" means the undertaking to be carried on pursuant to this Interim Licence for works described in Section 2.2 of this Interim Licence and all such ancillary works as may be necessary for its development and includes all matters authorized by this Interim Licence.

PART 2.0 GRANT OF WATER POWER RIGHTS

- 2.1 Subject to sections 2.2 and 2.3 of this Interim Licence, the Minister grants to the Licensee:
- (a) the right to divert, store, and use waters of the Burntwood River at and near the Wuskwatim site;
 - (b) the right to develop electric power and energy from the waters of the Burntwood River at and near the Wuskwatim site;
 - (c) the right to generate, transmit, distribute, sell and deliver electric power and energy developed from the Wuskwatim site and for that purpose to use and occupy the lands of the Province described in Section 5.1 of this Interim Licence; and
 - (d) the right to construct, operate and maintain the works associated with the Undertaking described in Section 2.2 of this Interim Licence, the location and description of which are shown upon the record plans numbered and filed with the Department in Winnipeg, except as the said Undertaking may be modified or extended with the prior approval of the Minister.
- 2.2 The works associated with the Undertaking are described as the works at or near the Wuskwatim site consisting of:
- a reinforced concrete powerhouse and intake structure,
 - a reinforced concrete spillway,
 - a non overflow dam separating these two structures,
 - a main earth dam extending south-westerly from the powerhouse,
 - an earth fill dyke extending from the north end of the spillway to the north bank of the river,

- an engineered area for placement of the excavated materials extending from the north dyke in an upstream direction parallel to the north bank of the Burntwood River,
- a channel excavation upstream of the generating station on the north bank of the Burntwood River adjacent to Wuskwatim Falls, and
- transmission lines and all necessary machinery and equipment for the development, generation, transformation and transmission of electric power and energy for industrial and general purposes.

2.3 The construction of the Undertaking shall be conducted in accordance with the plans filed and set out in Appendix 1 of this Interim Licence.

2.4 The Licensee shall comply with:

- (a) all conditions of this Interim Licence;
- (b) all applicable provisions of *The Water Power Act* and the Water Power Regulation; and
- (c) all applicable federal and provincial laws.

PART 3.0 CONSTRUCTION

3.1 The Licensee shall file the preliminary works construction plans for the Undertaking with the Department in such form and detail as is required by the Water Power Regulation within three (3) months from the date of this Interim Licence. The Licensee shall include with the preliminary works construction plans a schedule outlining a time frame for the submission of the permanent works construction plans for the Undertaking.

3.2 After the preliminary works construction plans for the Undertaking have been approved, the Licensee shall begin the construction of the works associated with the Undertaking within the time limit provided in the Water Power Regulation, and shall thereafter without interruption, except such as may be occasioned by act of God or other major cause beyond the control of the Licensee (other than want of funds), carry on and complete the construction of the Undertaking according to the approved plans or as the plans may be amended or modified at the direction of the Minister or with prior approval of the Minister during the progress of construction, and subject to the terms of this Interim Licence and the Water Power Regulation.

3.3 Upon or before September 1, 2012, the Licensee shall have installed all the machinery and equipment required for an initial development of one (1) unit with a nominal capacity of 70,000 kilowatts¹ as measured on the turbine shaft and shall be in a position to apply the electric power and energy to beneficial use.

3.4 Upon or before March 31, 2013, the Licensee shall have installed an additional two (2) units and shall have satisfactorily completed the Undertaking consisting of three (3) units. The three (3) units shall have a nominal capacity of 210,000 kilowatts² as measured on the turbine shaft.

3.5 The Licensee shall notify the Department in writing of the commissioning date of each unit within 30 days of commissioning, and when the initial development is completed, and also when each unit is placed into commercial service.

3.6 The date of the completion of the initial development shall be determined in accordance with Section 42(4) of the Water Power Regulation, being the earlier of:

- (a) the date on which the turbine generator unit comprising the initial development has been commissioned and placed into commercial service; and
- (b) the date set out in Section 3.3 of this Interim Licence, whether or not the Licensee has completed those things required by Section 3.3 of this Interim Licence.

¹ 70,000 kilowatts equals approximately 93,800 horsepower.

² 210,000 kilowatts equals approximately 281,500 horsepower.

- 3.7 The Licensee shall from time to time in accordance with Section 24 of the Water Power Regulation cause surveys to be made and plans prepared by a Manitoba Land Surveyor for deposit in the land titles office of all other lands required for the purposes of the Undertaking as distinct from those purposes described in Section 5.1 of this Interim Licence.

PART 4.0 REGULATION AND CONTROL OF WATERS

- 4.1 The Licensee may divert, use and store continuously for the development of electric power and energy at the Wuskwatim site all the waters of the Burntwood River which may be flowing at that site from time to time during the term of this Interim Licence, subject to the conditions of all water power licences set out in Section 72 of the Water Power Regulation and, accordingly, the Licensee shall:
- (a) divert, use or store the water authorized to be diverted, used or stored by the Licensee in such a manner as not to interfere, in the opinion of the Minister, with the maximum advantageous development of the electric power and energy and other resources of the river or stream upon which the works are located;
 - (b) conform to and comply with any orders in respect of the control or regulation of the flow of the waters of such river or stream as may be made from time to time by the Minister or any person authorized by the Minister in that behalf; and
 - (c) at no time cause or permit the surface level of the waters of such river or stream or of any storage reservoir operated by the Licensee to be raised or lowered beyond the limits which shall be fixed from time to time by the Minister or by a person authorized by the Minister in that behalf.
- 4.2 The Licensee shall not raise the headwater of its development above an elevation of 234.0 metres³ ASL as measured on Wuskwatim Lake, except as ordered by the Minister under Clause 72(b) of the Water Power Regulation or as fixed by the Minister under Clause 72(c) of the Water Power Regulation.
- 4.3 The Licensee shall not lower the headwater of its development below an elevation of 233.0 metres⁴ ASL as measured on Wuskwatim Lake, except as ordered by the Minister under Clause 72(b) of the Water Power Regulation or as fixed by the Minister under Clause 72(c) of the Water Power Regulation.

PART 5.0 LANDS TO BE USED AND OCCUPIED

- 5.1 Subject to Section 3.1 of this Interim Licence, the Licensee may enter upon, use and occupy for making surveys and investigations and constructing works as may be deemed necessary for the Undertaking, such lands of the Province as may reasonably be required for the said purposes and which lie within the Severance Line shown on a plan identified as No. 57-2-1060 (Manitoba Hydro No. 1-00184-DE-07311-0034-0001_01).
- 5.2 Subject to Section 5.3 of this Interim Licence, the Licensee may flood such lands of the Province as are shown on Plan No. 57-2-1060 (Manitoba Hydro No. 1-00184-DE-07311-0034-0001_01).
- 5.3 The plan referred to in Sections 5.1 and 5.2 of this Interim Licence may be amended from time to time by the Minister.
- 5.4 In accordance with Section 24 of the Water Power Regulation, the Licensee shall, where directed by the Director, cause a survey to be made and a plan prepared by a Manitoba Land Surveyor for deposit in the land titles office, showing in detail the lands required to be occupied for the purposes of the Undertaking that are approved by the Director and shall note separately:

³ 234.0 metres equals approximately 767.7 feet.

⁴ 233.0 metres equals approximately 764.4 feet.

- (a) lands of the Province not covered by water required for main diverting works, powerhouses and similar works;
 - (b) lands of the Province covered by water required for main diverting works, powerhouses and similar works;
 - (c) lands of the Province required only to be flooded in connection with the storage or pondage of water;
 - (d) lands of the Province required only for rights of way for water conduits, transmission lines and similar works;
 - (e) lands of the Province, if any, required for substations, distributing stations, terminal stations, and similar works; and
 - (f) privately owned lands.
- 5.5 The Licensee shall, to the satisfaction of the Minister, clear and keep clear from timber, brush and other material, all lands which are to be flooded under Section 5.2 of this Interim Licence.

PART 6.0 WATER USE AND LAND USE RENTALS

- 6.1 From the date of completion of the initial development determined in accordance with Section 3.6 of this Interim Licence, and for the duration of this Interim Licence, the Licensee shall pay as rent for use of water for the development of electric power and energy, an amount determined in accordance with the Water Power Regulation⁵.
- 6.2 From the date of completion of the initial development determined in accordance with Section 3.6 of this Interim Licence, and for the duration of this Interim Licence, the Licensee shall pay, subject to Section 6.3 of this Interim Licence, annually, in advance, as rent for the use and occupation of Crown lands of the Province described in Section 5.4(a) to (e) of this Interim Licence an amount determined in accordance with the Water Power Regulation⁶.
- 6.3 The first payment shall consist of an amount due for the preceding year, which shall be prorated to cover that portion of the year between the date of completion of the initial development and the end of the year together with the amount due in advance for the then-current year.

PART 7.0 ENTITLEMENT TO A FINAL LICENCE

- 7.1 In accordance with Subsection 43(1) of the Water Power Regulation, upon the completion by the Licensee of the initial development in accordance with Section 3.4 of this Interim Licence and upon the fulfillment by it of all the terms and conditions required by this Interim Licence and the Water Power Regulation to be observed and fulfilled by it, the Licensee shall be entitled to a Final Licence for the diversion, storage and use of water, for the development of electric power and energy therefrom, for the utilization of such energy, and for the use and occupation of those lands of the Province which, in the Minister's opinion, are required for the proper operation and maintenance of the Undertaking.
- 7.2 The Final Licence will, subject to *The Water Power Act* and the Water Power Regulation, include such conditions as the Minister may determine in accordance with the Water Power Regulation, including the following conditions and particulars:
- (a) The Licensee may divert, store and use continuously for the development of electric power and energy at the Wuskwatim site all the waters of the Burntwood River, which may be flowing at that site from time to time during the term of this Final

⁵ The water use rental rates are set out in Section 48(1) of the Water Power Regulation.

⁶ The land use rental rates are set out in Section 48(1) of the Water Power Regulation.

Licence, subject, however, to Section 72 of the Water Power Regulation.

- (b) The Licensee shall not raise the headwater of its development above an elevation of 234.0 metres⁷ ASL as measured on Wuskwatim Lake, except as ordered by the Minister under Clause 72(b) of the Water Power Regulation or as fixed by the Minister under Clause 72(c) of the Water Power Regulation.
- (c) The Licensee shall not lower the headwater of its development below an elevation of 233.0 metres⁸ ASL as measured on Wuskwatim Lake, except as ordered by the Minister under Clause 72(b) of the Water Power Regulation or as fixed by the Minister under Section 72(c) of the Water Power Regulation.
- (d) The Licensee shall also pay a rental during the term of the Final Licence for the use of water for the development of electric power and energy, determined in accordance with Section 48 of the Water Power Regulation and payable at the times and in the manner therein provided.
- (e) The Licensee shall, during the term of the Final Licence pay annually in advance a rental that is determined in accordance with Section 48 of the Water Power Regulation for the use of those lands of the Province to be described in the Final Licence, and situated within the Severance Line and used for the purposes described in Section 5.4 of this Interim Licence.
- (f) In accordance with Section 45 of the Water Power Regulation, the term of the Final Licence shall be fifty (50) years from the date fixed in accordance with Section 3.6 of this Interim Licence for the completion of the initial development and shall be subject to renewal or extension in accordance with the provisions of The Water Power Act and the Water Power Regulation.
- (g) The Licensee shall, to the satisfaction of the Minister, clear and keep clear from timber, brush and other material, all lands which are flooded.
- (h) The Undertaking in respect of which the Final Licence is to be issued is to comprise:
- A reinforced concrete powerhouse and intake structure, with three vertical shaft hydroelectric turbines, each with 70,000 kilowatts⁹ capacity;
 - a reinforced concrete spillway,
 - a non overflow dam separating these two structures,
 - a main earth dam extending south-westerly from the powerhouse,
 - an earth fill dyke extending from the north end of the spillway to the north bank of the river,
 - an engineered area for placement of the excavated materials extending from the north dyke in an upstream direction parallel to the north bank of the Burntwood River,
 - a channel excavation upstream of the generating station on the north bank of the Burntwood River adjacent to Wuskwatim Falls, and
 - transmission lines and all necessary machinery and equipment for the development, generation, transformation and transmission of electric power and energy for industrial and general purposes.
- (i) The Severance Line as agreed upon, in accordance with clause 44(g) of the Water Power Regulation.

⁷ 234.0 metres equals approximately 767.7 feet.

⁸ 233.0 metres equals approximately 764.4 feet.

⁹ 70,000 kilowatts equals approximately 93,800 horsepower.

PART 8.0 CANCELLATION

- 8.1 In accordance with Subsections 41(2) and 41(3) of the Water Power Regulation, if the Licensee fails to comply with any term or condition of this Interim Licence or the Regulation, the Minister may cancel this Interim Licence or take such other action or make such other order as he shall deem suitable.

PART 9.0 ANNUAL DEPOSIT AND GUARANTEE DEPOSIT

- 9.1 In accordance with Section 27 of the Water Power Regulation, the Licensee shall each year make an annual deposit with the Director an amount¹⁰ for the period commencing with the date of this Interim Licence and extending to the date of the establishment of the construction guarantee fund required by Section 28 of the Water Power Regulation.
- 9.2 In accordance with Section 28 of the Water Power Regulation, the Licensee shall deposit with the Director a guarantee deposit¹¹ as security for the performance of the terms and conditions of this Interim Licence.

PART 10.0 GENERAL PROVISIONS

- 10.1 All water levels referred to in this Interim Licence shall be based on mean daily water levels with wind and wave effects eliminated.
- 10.2 The Licensee shall prepare a report, within one year from the date of this Interim Licence, satisfactory to the Director, that shows the location of water level monitoring stations, outlines the methodologies used to determine wind and wave effects and describes reporting procedures to be followed.
- 10.3 All elevations referred to in this Interim Licence are based on the Geodetic Survey of Canada (GS of C), Canadian Government Vertical Datum (CGVD)1928, 1971 Local Adjustment, which is also known as GS of CCGVD28, 1969 Local Adjustment.
- 10.4 As provided for in Section 65 of the Water Power Regulation, the Licensee shall submit all information and data on water levels and flows necessary to enable the Director to determine compliance with this Interim Licence and other approvals pertaining to water levels and flows in connection with the operation of the Undertaking.
- 10.5 The Licensee shall comply fully with all applicable federal and provincial statutes, all rules and regulations made thereunder, and observe and carry out any instructions of the Minister concerning any of those matters not inconsistent with the above-mentioned statutes, rules and regulations.
- 10.6 The Licensee shall provide the Minister, the Director, or any engineer or person authorized by either for that purpose, with free access at all times to all parts of the Undertaking for the purpose of determining compliance with this Interim Licence.
- 10.7 The plans filed by the Licensee and made a part of this Interim Licence are as listed in Appendix 1.
- 10.8 This Interim Licence is subject to the provisions of the Water Power Regulation.
- 10.9 This Interim Licence is subject to such other conditions as the Minister may impose in writing from time to time.
- 10.10 Any reference in this Interim Licence to "The Water Power Act" means *The Water Power Act* (C.C.S.M. c. W60) and includes any amendment or replacement of that Act.
- 10.11 Any reference in this Interim Licence to the "Water Power Regulation" means the Water Power Regulation (M.R. 25/88R) and includes any amendments or replacement of that

¹⁰ The amount of the annual deposit as of the date of this Interim Licence is \$10,000.00.

¹¹ The amount of the guarantee deposit as of the date of this Interim Licence is \$50,000.00.

Regulation and any other regulations now or hereinafter in force governing the granting or administering of provincial water powers or the lands required in connection with the development and use of provincial water powers in effect from time to time.

Issued at Winnipeg this JUL 1 0 2006 day of ,

Original signed by: Minister of Water Stewardship

Minister of Water Stewardship
with the approval of the
Lieutenant Governor in Council



APPENDIX 1

**LIST OF PLANS
FORMING PART OF INTERIM LICENCE FOR WUSKWATIM**

Department File Number	Licensee File Number	Plan Title
57-2-1060	1-00184-DE-07311-0034-0001_01	Severance Line and Lands Required for Flooding and Other Purposes
57-2-1019	1-00184-DD-07311-0033-0001_00	Wuskwatim Project Location Plan
57-2-1020	1-00184-DE-07311-0002-0001_00	Stage 4 Studies Project Area Plan
57-2-1021	1-00184-DE-07311-0003-0001_00	Stage 4 Studies Principal Structures General Arrangement Plan
57-2-1022	1-00184-DD-16100-0001-0001_01	Wuskwatim Generating Station Access Road Key Plan
57-2-1023	1-00184-DE-82000-0001-0001_02	Camp Site, Work Area & Site Access Area Buildings Number & Location General Arrangement
57-2-1061	1-00184-DE-10200-0003-0001_00	Transmission & Distribution Concept Facilities Stage 1 ISD May 2006
57-2-1028	1-00184-DE-07311-0004-0001_00	River Diversion During Construction Plans
57-2-1029	1-00184-DE-07311-0005-0001_00	River Diversion During Construction Sections
57-2-1030	1-00184-DE-07311-0006-0001_00	Principal Concrete Structures Plan
57-2-1031	1-00184-DE-07311-0007-0001_00	Intake and Powerhouse Sections
57-2-1032	1-00184-DE-07311-0008-0001_00	Service Bay Section
57-2-1033	1-00184-DE-07311-0009-0001_00	Powerhouse Plans
57-2-1034	1-00184-DE-07311-0010-0001_00	Intake and Powerhouse Water Passage Plans
57-2-1035	1-00184-DE-07311-0011-0001_00	Intake and Powerhouse & Service Bay Plans
57-2-1036	1-00184-DE-07311-0012-0001_00	Intake and Powerhouse & Service Bay Plan Above Generator Floor
57-2-1037	1-00184-DE-07311-0013-0001_00	Service Bay Plans
57-2-1038	1-00184-DE-07311-0014-0001_00	Intake and Service Bay Longitudinal Sections
57-2-1039	1-00184-DE-07311-0015-0001_00	Powerhouse and Service Bay Longitudinal Section at CL Units
57-2-1040	1-00184-DE-07311-0016-0001_00	Powerhouse and Service Bay Longitudinal Section Through Dewatering Galley
57-2-1041	1-00184-DE-07311-0017-0001_00	Spillway and Non-Overflow Dam Plan and Sections
57-2-1042	1-00184-DE-07311-0018-0001_00	Walls, Diesel Generator Room & South Transition Structure Plan and Sections
57-2-1043	1-00184-DE-07311-0020-0001_00	Stage 4 Studies Spillway Approach and Discharge Channels Sections
57-2-1044	1-00184-DE-07311-0019-0001_00	Earth and Rock Fill Structures Sections
57-2-1045	1-00184-DE-07311-0021-0001_00	Upstream Channel Improvements Plan and Sections
57-2-1052	1-00184-PE-10200-0003-0001_00	Transmission Line B76W Plan Showing Construction Power TL Route from Thompson-Birchtree Station to Wuskwatim GS
57-2-1053	1-00184-PE-10200-0004-0001_00	Transmission Line H73W & H 74W Plan Showing Transmission Line Route from Herblet Lake Station to Wuskwatim Generating Station
57-2-1054	1-00184-PE-10200-0005-0001_00	Transmission Line H75P Plan Showing Transmission Line Route from Herblet Lake Station to The Pas-Ralls Island Station