

CANADA – BRITISH COLUMBIA
GREEN INFRASTRUCTURE FUND
AGREEMENT FOR NORTHWEST TRANSMISSION LINE PROJECT
[2010-2011/ 2015-2016]

This Contribution Agreement made as of _____

BETWEEN: **HER MAJESTY THE QUEEN IN RIGHT OF CANADA**, represented by the Minister of Transport (“Canada”)

AND **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, represented by the Minister of Energy, Mines and Petroleum Resources (the “Recipient”)

Collectively referred to as the “Parties”,

WHEREAS the Minister of Transport, Infrastructure and Communities is responsible for the Program entitled the Green Infrastructure Fund (hereinafter “GIF” and/or “Program”);

WHEREAS the Recipient has submitted to Canada a proposal for the funding of the Project under the GIF;

WHEREAS the British Columbia Transmission Corporation is a provincial Crown corporation that will implement, operate, maintain and repair the Project;

WHEREAS British Columbia Hydro and Power Authority is a provincial Crown corporation that will own the Project once completed;

WHEREAS the Recipient will ensure that the British Columbia Transmission Corporation implements, operates, maintains, and repairs the Project, and that the British Columbia Hydro and Power Authority will own the Project, upon its completion;

WHEREAS Canada’s financial contribution to the Project is conditional upon the Recipient ensuring the completion of the Distribution Line to communities of Eddontenjon and Iskut;

WHEREAS the Recipient is responsible and liable for the Project and Distribution Line as defined under this Agreement, in respect of Canada and the contribution made by Canada under this Agreement.

AND WHEREAS Canada wishes to provide financial support for the Project and its objectives;

NOW THEREFORE, in accordance with the mutual covenants and agreements herein, Canada and the Recipient hereby agree as follows:

1. INTERPRETATION

1.1 DEFINITIONS

In addition to the terms defined in this Agreement, a capitalized term has the meaning given to it in this Section.

“**Agreement**” means this contribution agreement and all Schedules, as may be amended from time to time.

“**BCTC**” means British Columbia Transmission Corporation, a wholly-owned provincial Crown corporation, its successors, assigns and administrators, with an office at Suite 1100, Four Bentall Centre, 1055 Dunsmuir Street, Vancouver, BC V7X 1V5.

“**BC Hydro**” means the British Columbia Hydro and Power Authority, a wholly-owned provincial Crown corporation continued under the *Hydro and Power Authority Act*, R.S.B.C. 1996, c. 212, its successors, assigns and administrators, with its head office at 333 Dunsmuir Street, Vancouver, BC V6B 5R3.

“**Committee**” means the Agreement Management Committee established pursuant to

Section 4.1.

“Contract” means an agreement between the Recipient or BCTC and a Third Party whereby the latter agrees to supply a product or service to the Project in return for financial consideration.

“Distribution Line” means a power line to distribute power to supply electricity to the communities of Eddontenajon and Iskut that will enable the communities to connect to a clean, renewable, and reliable source of energy in accordance with section 15 (Condition Subsequent) of this Agreement.

“Effective Date” means the date this Agreement is signed by the last Party.

“Eligible Costs” means those costs of the Project eligible for reimbursement by Canada which have been initially incurred and paid by BCTC and reimbursed to BCTC by the Recipient and subsequently claimed by the Recipient for reimbursement by Canada as set out in Schedule A to this Agreement.

“Fiscal Year” means the period beginning April 1 of a year and ending March 31 of the following year.

“Fixed Asset” means any non-movable asset, purchased, constructed, rehabilitated, or improved, in whole or in part, with funds contributed by Canada under the terms of this Agreement.

“Fixed Asset Disposal Period” means the period commencing from the Effective Date and ending twenty-five (25) years after the Project Completion Date.

“Non-Fixed Asset” means any movable asset, purchased, constructed, rehabilitated, or improved, in whole or in part, with funds contributed by Canada under the terms of this Agreement.

“Non-Fixed Asset Disposal Period” means the period commencing from the Effective Date and ending ten (10) years after the Project Completion Date.

“Project” means the infrastructure project described in Schedule B.

“Project Approval Date” means October 23, 2009.

“Project Completion Date” means twelve (12) months after the Substantial Completion Date but no later than September 30, 2014 except for audit and evaluation costs where the project completion date shall be March 31, 2015.

“Project Component” means any of the components of the Project as identified in Schedule B.

“Project Implementation” means stages of the Project directly related to the completion of the Project and includes, but is not limited to, environmental assessment and monitoring, aboriginal consultation, design, planning, engineering, construction, testing and evaluation. Project implementation does not include, any post Project Completion Date activities including but not limited to, the subsequent operation, maintenance, repair, rehabilitation, demolition, or reconstruction of the Project.

“Substantial Completion” occurs when the Project can be used for the purpose for which it was intended.

“Substantial Completion Date” means the date as shown on the executed Solemn Declaration of Substantial Completion.

“Third Party” means any person or legal entity, other than a Party, who is retained by the Province or BCTC for purposes of Project Implementation.

1.2 **ENTIRE AGREEMENT**

This Agreement comprises the entire agreement between the Parties. No prior document, negotiation, provision, undertaking or agreement in relation to the subject of this Agreement has legal effect unless incorporated by reference into this Agreement. No representation or warranty express, implied or otherwise, is made by Canada to the Recipient except as expressly set out in this Agreement.

1.3 **DURATION OF AGREEMENT**

This Agreement will be effective as of the Effective Date and shall terminate when the Recipient fulfils its obligations, to Canada's satisfaction, under section 15 (Condition Subsequent) of this Agreement, subject to early termination in accordance with this Agreement.

1.4 SURVIVAL

The Parties' rights and obligations, which by their nature extend beyond the expiration or termination of this Agreement, will survive any expiration or termination of this Agreement.

1.5 ACCOUNTING PRINCIPLES

All accounting terms will have the meanings assigned to them, all calculations will be made and all financial data to be submitted will be prepared, in accordance with Generally Accepted Accounting Principles (GAAP) in effect in Canada.

2. PURPOSE OF AGREEMENT

The purpose of this Agreement is to establish the terms and conditions whereby Canada will reimburse the Recipient a part of the Eligible Costs for the Project.

3. OBLIGATION OF THE PARTIES

3.1 CONTRIBUTION BY CANADA

- a) Canada agrees, subject to the terms and conditions of this Agreement and the breakdown in Schedule B.2, to pay a contribution to the Recipient of not more than fifty percent (50%) of the total Eligible Costs for the Project, but only up to a maximum of one hundred and thirty million dollars (\$130,000,000).
- b) The Parties acknowledge that Canada's role in the Project is limited to making a financial contribution to the Project and that Canada will have no involvement in the Project or its subsequent operation. Canada is neither a decision maker nor an advisor to the Project.

3.2 COMMITMENTS BY THE RECIPIENT

- a) The Recipient will ensure that BCTC attains complete, diligent and timely Project Implementation, within the costs and deadlines specified in this Agreement and in accordance with all other terms of this Agreement, and the Recipient will be responsible for all the costs of the Project including cost overruns, if any.
- b) The Recipient will ensure that the Project is operated, maintained and repaired by BCTC as per appropriate standards, for its full lifecycle

3.3 DISCLOSURE OF OTHER FUNDING AND ADJUSTMENTS

- a) The Recipient will inform Canada promptly of all financial assistance received for the Project. If the federal government's total financial assistance toward the Project exceeds fifty percent (50%) of total Eligible Costs or if the total financial assistance received or due in respect of the Project's total Eligible costs exceeds one hundred percent (100%) thereof, Canada may recover the excess from the recipient or reduce its contribution by an amount equal to the excess for the Project;
- b) The Recipient will repay to Canada any and all disallowed costs, surpluses, and overpayments made under and according to the terms of this Agreement.

3.4 APPROPRIATIONS AND FUNDING LEVELS

Notwithstanding Canada's obligation to make any payment under this Agreement, this obligation does not arise if, at the time when a payment under this Agreement becomes due, the Parliament of Canada has not passed an appropriation that is sufficient and constitutes lawful authority for making the payment. Canada may reduce or terminate any payment under this Agreement in response to the reduction of appropriations or departmental funding levels in respect of transfer payments, the program under which this Agreement was made or otherwise, as evidenced by any appropriation act or the government's main or supplementary estimates expenditures. Canada will not be liable for any direct, indirect, consequential, exemplary or punitive damages, regardless of the form of action, whether in contract, tort or otherwise, arising from any such reduction or termination of funding.

3.5 FISCAL YEAR BUDGETING

Subject to the conditions in this Agreement, Canada agrees to commit funds for the Project for a Fiscal Year in accordance with the table of estimated contributions in Schedule B.2. If, in a Fiscal Year, an amount less than the estimated is paid or payable by Canada, Canada will, subject to Section 3.4 (Appropriations and Funding Levels), make reasonable efforts to re-allocate the difference to a subsequent Fiscal Year.

3.6 INCREASE IN PROJECT COSTS

If, at any time during the term of this Agreement, one or all of the Parties determines that it will not be possible to complete construction of the Project unless the Recipient expends amounts in excess of the funding available to it, the Party will immediately notify the other Party of that determination. The Recipient will, within thirty (30) days of a request from Canada, provide a summary of the measures that it proposes to remedy the shortfall. If Canada is not satisfied that the measures proposed will be adequate to remedy the shortfall, then Canada may terminate or suspend its funding obligations until such time as measures are proposed that, in Canada's opinion, will be adequate to remedy the shortfall, whereupon its funding obligation will be reinstated.

3.7 GUIDELINES

The Recipient will undertake or cause to be undertaken the engineering and construction work, in accordance with good utility practice, or any other equivalent guidelines approved by the Committee.

4. AGREEMENT MANAGEMENT COMMITTEE

4.1 ESTABLISHMENT

Within sixty (60) days of the Effective Date, the Parties will establish the Committee composed of four members, headed by a Federal Co-chair and a Recipient Co-chair, to administer and monitor this Agreement. The Committee will adopt written rules and procedures with respect to its meetings and those of its sub-committees (if any), the roles of its members, and any other relevant matters. Decisions and recommendations of the Committee must be unanimous and recorded in writing. Either of the Parties, upon receiving consent from the other Party, may invite BCTC to sit as an observer at a Committee meeting.

4.2 MANDATE

The Committee will:

- a) review the procedures described in Section 5 (Contracts), and ensure that the principles stated therein are respected;
- b) monitor the progress of the Project;
- c) review and approve claims and reports, and cash flows in Schedule B.2;
- d) amend the information in Schedule B, as required, for changes that are not significant, subject to Sections 3 (Obligations of the Parties) and 5.3 (Changes during the life of the Project),
- e) establish sub-committees, as needed, for carrying out this Agreement;
- f) ensure that all provisions and Schedules of this Agreement are implemented in accordance with this Agreement; and
- g) attend to any other function required by this Agreement or as mutually directed by the Parties.

4.3 CHANGES DURING THE LIFE OF THE PROJECT

- a) In this Section, "significant change" includes, in respect of the Project:
 - i. Any material change to its location, scope or timing. A material change is a change which:
 - a. changes quantifiable elements of the Project or Project Component by more than 20%; or
 - b. significantly changes the location or timing of the Project or Project Component, as determined by Canada; or
 - c. adds or removes a Project Component;

- ii. any change that may require a further environmental assessment decision under Section 13 or further Aboriginal consultations under Section 14;
 - iii. one or more increases to Canada's contribution to a Project Component, as described in Schedule B, which, when added to any previous increase, would be greater than 20% of Canada's original contribution of said Project Component;
 - iv. any increase to Canada's contribution to the Project; and
 - v. anything else that in the unanimous opinion of the Committee is significant.
- b) A request for a change to the Project or Project Component will be reviewed by the Committee; and
- i. if the change is not significant, the Committee may approve or reject it;
 - ii. in the case of a request for a significant change, the Committee will recommend to Canada whether to approve it or not.

5. CONTRACT PROCEDURES

5.1 AWARDING OF CONTRACTS

- a) The Recipient will ensure that all Contracts are awarded and managed in accordance with its policies and procedures, or those of BCTC; copies of same policies and procedures will be provided to the Committee within thirty (30) days of the first Committee meeting. Notwithstanding the foregoing, the Recipient will ensure that it or BCTC awards Contracts in a way that is transparent, competitive, consistent with value for money principles, and in accordance with the Agreement on Internal Trade.
- b) If Canada determines that the Recipient has awarded a Contract in a manner that is not in compliance with the foregoing, upon notification to the Recipient, Canada may consider the costs associated with the Contract to be ineligible.
- c) The Parties agree that BCTC may directly award Contracts to First Nations or to the BC Hydro in accordance with the policies of the Recipient.

5.2 CONTRACT PROVISIONS

The Recipient will ensure that all Contracts are consistent with, and incorporate, the relevant provisions of this Agreement. More specifically but without limiting the generality of the foregoing, the Recipient will ensure that it or BCTC includes in the Contract, provisions to ensure that:

- a) proper and accurate accounts and records, including but not limited, contracts, invoices, statements, receipts and vouchers, in respect of the Project are maintained for at least six (6) years after the Substantial Completion Date and that the Recipient has the contractual right to audit them;
- b) all applicable labour, environmental and human rights legislation is respected; and
- c) Canada, the Auditor General of Canada, and/or their designated representatives, to the extent permitted by law, will, at all times, be permitted to inspect the terms of the Contract and any records and accounts respecting the Project and will have free access to the Project sites and to any documentation relevant for the purpose of audit.

6. CLAIMS AND PAYMENTS

6.1 PAYMENT CONDITIONS

Canada will not be required to make any payment until after June 30 of a Fiscal Year, other than the first fiscal year in which claims are submitted, and only if it has received and approved the quarterly and annual progress and performance reports and audits required under this Agreement for the prior Fiscal Year. Canada will, within thirty (30) days of receipt, approve the report or audits, or notify the Recipient of any deficiency.

6.2 SIMSI

The Parties will use the Shared Information Management System for Infrastructure (SIMSI) to capture, store, manage and disseminate Project information under this Agreement, which may be used for the purpose of validating payments. SIMSI will be available to the Recipient in both official languages. Modification and improvements to the system may be made by Canada at its own expense

6.3 CLAIM PROCEDURES

- a) The Recipient will submit claims to Canada every 3 months, as applicable, following review and approval by the Committee in a form acceptable to Canada, and must include the following:
 - i. Certification by the Recipient Co-chair or a senior official designated in writing by the Recipient, as to accuracy of the information submitted in support of the claim;
 - ii. Breakdown of Eligible Costs claimed by Project Component listed in Schedule B;
 - iii. For each expense, a copy of the corresponding invoice, and identification of the date on which the expense was incurred, the date on which the expense was paid, and the category of Eligible Costs in Schedule A to which each expense corresponds; and
 - iv. Identification of any deferred payment amounts.
- b) Canada will, subject to the terms and conditions of this Agreement, make reasonable efforts to make a payment within thirty (30) days following approval by the Committee of a claim.

6.4 TIME LIMITS FOR CLAIMS

The Recipient will submit all claims for payment no later than March 31, 2015. Canada will have no obligation to pay a Claim submitted after this date.

6.5 FINAL PAYMENT

A request by the Recipient to Canada for final payment of the Project must be accompanied by a certificate from the Recipient Co-chair confirming compliance with all terms and conditions of the Agreement, with the exception of section 15 of this Agreement, including a completed Solemn Declaration of Substantial Completion, in the form prescribed at Schedule D.

6.6 FINAL ADJUSTMENTS

After the Recipient has submitted the final report and final audit set out in Schedule D as well as the Solemn Declaration of Substantial Completion of the Project and before March 31, 2015, the Parties will jointly carry out a final reconciliation of all claims and payments in respect of the Project and make any adjustments required in the circumstances.

6.7 RELEASE OF FINAL PAYMENT

Canada may release to the Recipient up to 90% of its contribution for the Project under this Agreement. The remaining 10% of Canada's contribution for the Project will be released when the Recipient fulfils its obligations under Section 6.6 (Final Adjustments).

7 DISPUTE RESOLUTION

7.1 DISPUTE RESOLUTION

- a) The Parties agree to use best efforts to resolve potential disputes within the Committee, in good faith and reasonably. If an issue arises, the Co-Chairs will examine it together as soon as possible and in any event within twenty (20) business days within receipt of notice of such contentious matter. Where the Co-Chairs cannot agree on a resolution, the matter will be referred to the Parties for resolution. The Parties will provide a decision within ninety (90) days.
- b) Where the Parties cannot agree on a resolution, the Parties may explore any alternative dispute resolution mechanisms available to them to resolve the issue.
- c) Any payments related to the issue in dispute will be suspended, together with the obligations related to such issue, pending resolution.

8 DEFAULT

8.1 EVENTS OF DEFAULT

The following constitute Events of Default under this Agreement:

- a) the Recipient has not completed the Project on the terms and conditions herein;
- b) the Recipient has submitted false or misleading information to Canada or made a false or misleading representation in respect of the Project, except for an error in good faith, demonstration of which is incumbent on the Recipient, to Canada's satisfaction;

- c) the Recipient has not complied with any condition, undertaking or term of this Agreement in respect of the Project;
- d) the Recipient has not complied with Sections 13 (Environmental assessment) and 14 (Aboriginal Consultation); and
- e) the Recipient has neglected or failed to pay Canada any amount due in accordance with this Agreement in respect of the Project.

8.2 DEFAULT

Canada will not declare that a default has occurred unless Canada has given notice to the Recipient of the event which in Canada's opinion constitutes an Event of Default and the Recipient has failed, within thirty (30) days of receipt of the notice, either to remedy the Event of Default or to demonstrate, to the satisfaction of Canada, that it has taken such steps as are necessary to remedy the Event of Default, and has notified Canada of the rectification.

8.3 REMEDIES ON DEFAULT

Upon the declaration of default by Canada under this Agreement, Canada may, without limiting any remedy available to it at law, exercise one or more of the following remedies:

- a) suspend any obligation by Canada to contribute or continue to contribute to the Eligible Costs in respect of the Project, including any obligation to pay an amount owing prior to the date of such suspension;
- b) terminate any obligation of Canada to contribute or continue to contribute to the Eligible Costs in respect of the Project, including any obligation to pay any amount owing prior to the date of such termination;
- c) require the Recipient to reimburse Canada all or part of the contribution paid by Canada to the Recipient in respect of the Project

9 REPORTING, AUDIT AND EVALUATION

- a) The Parties agree that auditing and reporting activities will be undertaken in accordance with Schedule D - Reporting, Audit and Evaluation of this Agreement.
- b) The Recipient agrees that the Auditor General of Canada may, at Canada's cost, after consultation with the Recipient conduct an inquiry under the authority of subsection 7.1(1) of the Auditor General Act in relation to the use of funds. For the purposes of any such inquiry undertaken by the Auditor General, the Recipient will provide, upon request and in a timely manner, to the Auditor General or its designated representative,
 - i. all records held by the Recipient, BCTC or BC Hydro and their agents, or Third Parties relating to this Agreement and the use of the funds; and
 - ii. such further information and explanations as the Auditor General, or its designated representative, may request relating to any of this Agreement or the use of the funds.

10. COMMUNICATIONS

- a) The Parties will comply with and the Recipient will ensure that BCTC and/or BC Hydro will comply with the Communications Protocol as established in Schedule C.
- b) The Recipient acknowledges that:
 - i. its name (The Province of British Columbia), Canada's contribution and the general nature of the activities supported by the contribution may be made publicly available by Canada; and
 - ii. reports on evaluations, audits and other reviews related to this Agreement may be made publicly available by Canada.

11. INDEMNIFICATION

The Recipient will at all times indemnify and save harmless Canada, its officers, servants, employees and/or agents, from and against all actions, whether in contract, tort, or otherwise, claims and demands, losses, costs, damages suits or other proceedings by whomsoever brought or prosecuted in any manner based upon, or occasioned by any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights caused by, in connection with, or arising directly or indirectly from:

- a) the Project;
- b) the performance of this Agreement or the breach of any term or condition of this Agreement by the Recipient, BCTC or BC Hydro, or Third Party and their respective officers, servants, employees or agents;
- c) the design, construction, operation, maintenance and repair of any part of the Project;
- d) any omission or other wilful or negligent act of the Recipient, Third Party, BCTC, or BC Hydro, and their respective servants, employees, officers, or agents;
- e) the entering into by the Recipient or its officers, servants, employees and agents, of a loan, capital lease or other long term obligation in relation to the Project;
- f) any actions taken by Canada as Federal Co-chair of the Committee pursuant to Section 4 (Committee) of this Agreement; and
- g) any decision of a court that prevents Canada from performing any obligations under this Agreement,

except to the extent to which such claims, demands, losses, costs, damages, actions, suits, or other proceedings relate to the negligence of an officer, servant, employee, or agent of Canada in the performance of his or her duties.

12. DISPOSAL OF ASSETS

12.1 DISPOSAL OF ASSETS

- a) The Recipient undertakes to notify Canada in writing, one hundred eighty (180) days in advance if, at any time during the Fixed Asset Disposal Period or Non-Fixed Asset Disposal Period, the Recipient becomes aware that the BC Hydro proposes to sell, lease, encumber, use in a manner other than as described in the Recipient's request for funding under GIF, or otherwise dispose of, directly or indirectly, any Fixed Assets or Non-Fixed Assets, purchased, constructed, rehabilitated or improved, in whole or in part, with funds contributed by Canada under the terms of this Agreement, other than to Canada, the Recipient or a Crown corporation of the Recipient that is the latter's agent for the purpose of implementing the Agreement and, upon disposition, undertakes to reimburse Canada, on demand, a proportionate amount of the funds so contributed by Canada, in the following proportion:

- i) Fixed Assets:

Prior to and up to one (1) year after the Project Completion Date, the return of the contribution for a Fixed Asset in current dollars is one hundred percent (100%); this will be reduced by four percent (4%) every year thereafter. Twenty-five (25) years after the Project Completion Date, the return of the contribution for a Fixed Asset in current dollars will be zero percent (0%).

- ii) Non-Fixed Assets:

- a) Prior to and up to one (1) year after the Project Completion Date, the return of the contribution for a Non-Fixed Asset in current dollars is one hundred percent (100%); this will be reduced by ten percent (10%) every year thereafter. Ten (10) years after the Project Completion Date, the return of the contribution for a Non-Fixed Asset in current dollars will be zero percent (0%).
- b) Notwithstanding the foregoing, if BC Hydro takes any action described in subsection 12.1(a) of this Agreement during the Fixed Asset Disposal Period or Non-Fixed Asset Disposal Period, based on technical or operational requirements, the Recipient may, at Canada's discretion and with its written approval, in lieu of the repayment set out above, reinvest the proceeds from the disposed asset into an asset that replaces the disposed asset. If Canada deems the reinvestment inappropriate, the Recipient will be required to reimburse Canada, as per subsection 12.1(a).
- c) Notwithstanding the foregoing, if BC Hydro takes any action described in subsection 12.1(a) of this Agreement during the Fixed Asset Disposal Period or Non-Fixed Asset Disposal Period, for a nominal amount, and the disposed asset

remains available for its originally intended use, Canada may, at its discretion, choose to waive the remedies identified in subsection 12.1(a).

- d) Subject to Section 16.8 (Assignment), if the BC Hydro takes any action described in subsection 12.1(a) of this Agreement during the Fixed Asset Disposal Period or Non-Fixed Asset Disposal Period, Canada may require the Recipient to assign its rights and obligations under this Agreement to the third party involved.

13. ENVIRONMENTAL ASSESSMENT

- a) The Recipient agrees that no funds or additional funds will become or will be payable by Canada to the Recipient unless and until:
 - i. An environmental assessment (hereinafter "EA") of the Project has been conducted in accordance with the *Canadian Environmental Assessment Act* (hereinafter "CEAA");
 - ii. Canada determines that its obligations under the Nisga'a Final Agreement, in particular section 10, have been met; and
 - iii. Where, taking into account the implementation of any mitigation measures that Canada considers appropriate, the Project is not likely to cause significant adverse environmental effects or is likely to cause significant adverse environmental effects that can be justified in the circumstances and in accordance with the CEAA.
- b) The Parties agree that in the event that a court of competent jurisdiction determines that Canada has not complied with the provisions of CEAA or orders that the delegation agreement by which Canada delegated aspects of the environmental assessment of the Project to the Province is invalid, no funds or additional funds will become or will be payable by Canada to the Recipient for the Project unless and until an EA of the Project has been conducted in accordance with CEAA.
- c) The Recipient will comply with and ensure that BCTC and BC Hydro complies with all conditions arising out of an EA conducted in accordance with the CEAA as a result of the Project, including the implementation of mitigation measures and any follow up program. Failure to comply with the conditions, the implementation of any mitigation measures and any follow up program may be a cause for default in respect of the Project in accordance with Section 8 (Default).
- d) The Recipient will ensure that Canada and its agents, employees or contractors are allowed to access and enter at any time during reasonable hours upon any real property under the ownership or control of the Recipient, BCTC or BC Hydro for the purpose of ensuring that mitigation measures and any follow up program are implemented for the Project.
- e) Notwithstanding any other provisions of this Agreement, should the EA conducted under CEAA be revisited or should a subsequent EA be conducted for the Project under CEAA, the Recipient agrees that all of Canada's obligations pursuant to this Agreement in respect of the Project will be suspended from the moment that Canada informs the Recipient and such situation will remain until Canada has decided that, taking into account the implementation of any mitigation measures that Canada considers appropriate, the Project is not likely to cause significant adverse environmental effects or is likely to cause significant adverse environmental effects that can be justified in the circumstances and in accordance with the CEAA. The Recipient will or will ensure that BCTC and BC Hydro continue to comply with all conditions or to implement any mitigation measures and any follow up program arising out of the revisited EA or the subsequent EA conducted in accordance with the CEAA for the Project.

14 ABORIGINAL CONSULTATION

- (a) The Recipient agrees that Canada has no obligation to reimburse Eligible Costs until Canada's legal duty to consult with Aboriginal groups has been met;
- (b) The Recipient agrees that in relation to the Project it has a duty to consult with Aboriginal groups whose asserted rights could be adversely impacted by the Project and that it intends, honourably and in good faith, to discharge that duty in accordance with law.

- (c) The Recipient agrees that by virtue of Canada's contribution to the Recipient and certain operational decisions which Canada may be required to make in connection with the Project, Canada may have a legal obligation to consult with Aboriginal groups that are potentially adversely impacted by the Project.
- (d) Canada and the Recipient acknowledge that it may be practical and efficient for the Recipient to carry out certain procedural aspects of Canada's duties (if any) referred to in subsection 14 (c).
- (e) The Recipient will advise Canada as to the identity of those Aboriginal groups that are to be consulted by the Recipient or BCEAO and the rationale for identifying them to be consulted and will, on a confidential basis, provide to Canada a copy of any reasonably relevant ethnohistorical research reports that are in the possession of the Recipient or BCTC.
- (f) Canada will, as soon as practicable following the giving of the advice referred to in subsection 14 (c), advise the Recipient of those specific aspects of consultation which Canada desires the Recipient to carry out on its behalf.
- (g) The Recipient will carry out those aspects of consultation that are assigned to them pursuant to subsection 14(f), and will, in addition, provide whatever reasonable assistance Canada may seek in relation to the discharge by Canada of any legal obligation it may have to consult with aboriginal groups about the Project.

15. CONDITION SUBSEQUENT

15.1 CONDITION SUBSEQUENT

The Recipient agrees that Canada's financial contribution to the Project is conditional upon the Recipient ensuring that:

- a) a plan for the Distribution Line to Eddontenajon and Iskut is submitted to Canada within two (2) years of the Effective Date of this Agreement providing details on its potential impact on clean energy;
- b) BCTC diligently completes the building of the Distribution Line, to the satisfaction of Canada, to Eddontenajon and Iskut no later than twelve (12) months after the Substantial Completion Date of the Project;
- c) the Distribution Line, once completed, provides a reliable and clean source of energy to Eddontenajon and Iskut and results in reduced greenhouse gas emissions;
- d) a report be provided to Canada within one (1) year of completion of the Distribution Line quantifying the amount of reduced greenhouse gas emissions; and
- e) BC Hydro will operate, maintain and repair the Distribution Line as per appropriate standards for its full lifecycle;

15.2 COMMITMENT LETTER

The Parties agree that the committal letter to build the Distribution Line provided by the Recipient to Canada on _____ will be incorporated by reference into this Agreement.

15.3 DEFAULT

- a) Notwithstanding section 8 (Default) of this Agreement, the Recipient agrees that any breach of section 15.1 will automatically constitute a default under this Agreement and Canada will require the Recipient to reimburse Canada all contribution funding paid by Canada to the Recipient for the Project.
- b) For greater certainty, any amount owed to Canada by the Recipient under this Agreement for failing to build the Distribution Line will constitute a debt due to Canada, which the Recipient agrees to reimburse Canada forthwith on demand.

16. SPECIAL CONDITIONS

The Recipient agrees to ensure that, where necessary and as applicable:

- i. BCTC or BC Hydro takes the necessary action to enforce the terms of this Agreement; and
- ii. BC includes the relevant provisions of this Agreement in any agreement or contract between the Recipient and BCTC or BC Hydro.

17. GENERAL

17.1 **DEBTS DUE TO THE CROWN**

Any amount owed to Canada under this Agreement will constitute a debt due to Canada, which the Recipient agrees to reimburse Canada forthwith on demand.

17.2 **INTEREST ON DEBTS DUE TO THE CROWN**

Debts due to the Crown by the Recipient will accrue interest in accordance with the Interest and Administrative Charges Regulations.

17.3 **SET-OFF BY CANADA**

Any debt due to the Crown by the Recipient may be set-off against any amounts payable by Canada to the Recipient.

17.4 **NO BENEFIT**

No member of the House of Commons or the Senate of Canada will be admitted to any share or part of any Contract made pursuant to this Agreement, or to any benefit arising from it

17.5 **NO AGENCY**

No provision of this Agreement and no action by the Parties will establish or be deemed to establish a partnership, joint venture, principal-agent relationship, or employer-employee relationship in any way or for any purpose whatsoever between Canada and the Recipient or between Canada and a Third Party.

17.6 **NO AUTHORITY TO REPRESENT**

Nothing in this Agreement is to be construed as authorizing any person, including a Third Party, to contract for, or to incur any obligation on behalf of, a Party or to act as agent for a Party. The Recipient will ensure that any agreement between BCTC and any Third Party contains a provision to that effect

17.7 **NO ACTIONS OR PROCEEDINGS**

The Recipient represents and warrants that there are, to the best of its knowledge, no actions, suits, investigations or other proceedings pending or, to the knowledge of the Recipient, threatened and there is no order, judgment or decree of any court or governmental agency which could materially and adversely affect the Recipient's ability to carry out the activities contemplated by this Agreement. The Recipient will inform Canada immediately if any such action or proceedings are threatened or brought during the term of this Agreement.

17.8 **ASSIGNMENT**

The Recipient will not transfer or assign its rights or obligations under this Agreement without the prior written consent of Canada. Any attempt by the Recipient to assign any of the rights, duties or obligations of this Agreement without Canada's express written consent is void.

17.9 **COUNTERPART SIGNATURE**

This Agreement may be signed in counterpart, and the signed copies will, when attached, constitute an original agreement.

17.10 **VALUES AND ETHICS CODE**

No person governed by any post-employment, ethics and conflict of interest guidelines or policies of Canada or the Recipient shall derive a direct benefit from this Agreement unless that person complies with the applicable provisions of the guidelines or policy. The Recipient will inform Canada, in writing, should any real and/or apparent conflict of interest

exist or arise that could have a direct impact on Canada's contribution to the Project.

17.11 SEVERABILITY

If for any reason a provision of this Agreement that is not a fundamental term of this Agreement between the Parties is found to be or becomes invalid or unenforceable, in whole or in part, and if both Co-chairs agree, it will be deemed to be severable and will be deleted from this Agreement, but all the other terms and conditions of this Agreement will continue to be valid and enforceable.

17.12 LOBBYISTS AND AGENT FEES

The Recipient:

- i. warrants that any person it has hired, for payment, to speak to or correspond with any employee or other person representing Canada on the Recipient's behalf, concerning any matter relating to the contribution under this Agreement or any benefit hereunder and who is required to be registered pursuant to the *Lobbying Act*, as amended, is registered pursuant to that Act; and
- ii. warrants it has not and will not make a payment or other compensation to any legal entity that is contingent upon or is calculated upon the contribution hereunder or negotiating the whole or any part of the terms of this Agreement.

17.13 AMENDMENTS

Subject to Sections 4.2 (d) and 4.3, this Agreement can only be amended in writing by the Parties.

15.14 WAIVER

A Party may waive any of its rights under this Agreement only in writing, and any tolerance or indulgence demonstrated by the Party will not constitute a waiver.

15.15 NOTICE DEEMED GIVEN

Any notice, information or document provided for under this Agreement may be delivered or sent by letter, postage or other charges prepaid and will be deemed to have been delivered on receipt. Any notice to Canada must be sent to both:

Assistant Deputy Minister
Program Operations Branch
Infrastructure Canada
90 Sparks Street
Ottawa (Ontario)
K1P 5B4

And

Any notice to the Recipient will be addressed to: **[add address]**

Each Party may change the address that it has stipulated by notifying the other Party of the new address in writing.

15.17 ACCESS

The Recipient will provide or ensure that Canada and/or the Auditor General of Canada with have reasonable access to the Project sites, facilities and any documentation for the purposes of audit, inspection, monitoring and ensuring compliance with this Agreement.

15.18 GOVERNING LAW

This Agreement is governed by the laws applicable in the Province of British Columbia.

15.19 SUCCESSOR

This Agreement is binding upon the Parties and their respective administrators and successors.

15.20 INTELLECTUAL PROPERTY

All intellectual property that arises in the course of the Project will vest in the Recipient or, BCTC, as applicable.

SIGNATURES

This Agreement has been executed on behalf of Her Majesty the Queen in Right of Canada by the Minister of Transport and on behalf of the Recipient by the British Columbia Minister of Energy, Mines and Petroleum Resources or the Minister's authorized representative

HER MAJESTY THE QUEEN IN
RIGHT OF CANADA

HER MAJESTY THE QUEEN IN
RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA, by the Minister
of Energy, Mines and Petroleum
Resources or the Minister's authorized
representative

Original signed by:

Original signed by:

The Honourable John Baird
Minister of Transport, Infrastructure
and Communities

Name:
Title:

Date: _____

Date: _____

DRAFT

SCHEDULE A – ELIGIBLE AND INELIGIBLE COSTS

A.1. ELIGIBLE COSTS

Eligible Costs will be all direct costs which are in Canada's opinion properly and reasonably incurred and paid by the Recipient for an eligible investment under a Contract for goods or services necessary for Project Implementation. Eligible Costs will include only the following: the capital costs of acquiring, constructing or renovating a tangible capital asset, as defined and determined according to accounting principles generally accepted in Canada;

- a) the costs of joint communication activities (press releases, press conferences, translation, etc.) and road signage recognition set out in the Communication Protocol;
- b) all planning (including plans and specifications) and assessment costs specified in the Agreement such as the costs of environmental planning, surveying, engineering, architectural supervision, testing and management consulting services. Canada will contribute no more than 15% of its contribution to this cost;
- c) the costs of engineering and environmental reviews, including environmental assessments and follow-up programs as defined in the *Canadian Environmental Assessment Act* and the costs of remedial activities, mitigation measures and follow-up identified in any environmental assessment;
- d) costs of Project-related signage, lighting, Project markings and utility adjustments;
- e) costs of aboriginal consultation;
- f) the costs of developing and implementing innovative techniques for carrying out the Project;
- g) Recipient audit and evaluation costs as specified in this Agreement; and
- h) other costs that, in the opinion of Canada, are considered to be direct and necessary for the successful Project Implementation and have been approved in writing prior to being incurred.

Eligible Project costs can begin to accrue on the Project Approval Date if incurred and paid after such date. However all Eligible Costs outlined above can be reimbursed to the Recipient only following the signing of the Agreement in respect of the Project.

A.2 INELIGIBLE COSTS

The following costs are Ineligible:

- a) costs incurred prior to the formal project review and prior to the Project Approval Date;
- b) costs incurred after the Project Completion Date;
- c) the cost of developing a business case or proposal for funding;
- d) the cost of purchasing land, buildings and associated real estate and other fees;
- e) financing charges and interest payments on loans;
- f) leasing land, buildings, equipment and other facilities;
- g) general repairs and maintenance of a Project work and related structures, unless they are part of a larger capital expansion project tied to capital expansion;
- h) services or works normally provided by the Recipient, incurred in the course of implementation of the Project, except those specified as Eligible Costs;
- i) the cost of any goods and services which are received through donations or in kind;
- j) employee wages and benefits, overhead costs as well as other direct or indirect operating, maintenance and administrative costs incurred by the Recipient, and more specifically costs relating to services delivered directly by permanent employees of the Recipient, or of a Crown Corporation or corporation owned and controlled by the Recipient, except for services provided to the Recipient or BCTC by the British Columbia Hydro and Power Authority;
- k) provincial sales tax and Goods and Services Tax, for which the Recipient is eligible for a rebate, and any other costs eligible for rebates; and
- l) legal fees.

SCHEDULE B - THE PROJECT

B.1. SCOPE OF THE PROJECT

Project Objectives and Results

The objective of the project is to construct a high-voltage electrical transmission line that will extend BC Hydro's electrical network approximately 335km into northwest British Columbia.

The expected results of the project will be to increase the security of Canada's clean electricity supply through facilitating the addition of hundreds of Megawatts of renewable energy sources such as a run of river hydroelectric and wind generation projects; the increase of the installation of clean energy technologies, improved air quality, reduced greenhouse gases, and to increase the potential for electricity trade connections between provinces and territories, and/or Canada and the United States, which facilitate the transfer of clean energy.

The Northwest Transmission Line

The Northwest Transmission Line, as proposed, is approximately 335km in length, and is comprised of a 287 kV transmission high voltage electricity transmission line. The starting point for the transmission line will be at the existing BC Hydro Skeena Substation near Terrace, BC. The transmission line will run in a northerly direction along a new right-of-way to Bob Quinn Lake, BC.

The proposed route for the transmission line will follow existing transmission circuit 1L387 for approximately 101 km from Skeena, BC, to New Aiyansh, BC, and and transmission circuit 1L381 for approximately 108 km from New Aiyansh, BC to Meziadin, BC. The remaining 126 km from Meziadin to Bob Quinn would be constructed within a new right-of-way.

Substations:

There will be three key substations involved in the transmission line. The existing substation at Skeena will be upgraded through the addition of a new line termination and shunt reactor. A second existing substation will be modified at Meziadin junction by the addition of a new line termination, circuit breaker, and shunt reactor. Finally, a new substation, including site development, circuit terminations, shunt reactors and transformers) will be constructed at Bob Quinn Lake, which is the northern terminus of the transmission line project.

Telecommunications:

The Telecommunications component of the project will include the construction of the facilities necessary to carry data, protection tones and signals to allow for short circuit detection, automatic control of equipment (such as circuit breakers and voltage control devices), facilitate operator remote control of devices located along the transmission line from BCTC's Fraser Valley and South Interior control centers, and to provide power parameter information and metering data visibility to the control centers and power billing departments. The telecommunication facilities typically consist of combinations of technologies such as microwave, fibre optic or power line carrier equipment.

The telecommunication facilities also provide for voice transmission between the remote stations at Bob Quinn, Skeena and the network connecting BCTC or BC Hydro offices and BCTC's control centre to facilitate operations and business communications.

SCHEDULE C – COMMUNICATIONS PROTOCOL

C.1 SCOPE

The communications provisions of this Agreement apply to the Project. The Parties will be required to meet or ensure that the BCTC or BC Hydro meet all relevant terms and conditions of the communications protocol set out in this schedule.

C.2 GUIDING PRINCIPLES

- C.2.1 The Parties agree to undertake joint communications activities and collaborate on products to ensure open, transparent, proactive and effective communications with the public. This transparency and accountability will be achieved through appropriate and consistent public communications activities that recognize the contributions of all participating parties under this Agreement.
- C.2.2 The Parties agree that all communications products produced pursuant to this Agreement shall comply with the Federal Identity Program (FIP). Branding standards, protocols, graphic guidelines, and templates for public information material and signage will allow equal recognition for each Party's contributions.
- C.2.3 The mechanisms for communications and public information activities and products shall be determined by the Committee which may establish a communications sub-committee to provide it with advice and support on such matters. This sub-committee shall be comprised of at least one federal representative, and one representative from the Recipient.
- C.2.4 All communications through electronic media such as web sites or management information systems should follow the same guiding principles as those established for "traditional" means of communications.
- C.2.5 All public information material pursuant to this Agreement shall be in both official languages (English and French). The Parties will ensure that all documents are bilingual. All such material shall fairly reflect the contribution of all parties to the Project. This includes ensuring equal recognition and prominence where words, logos, symbols and other types of identification are incorporated into materials.

C.3 PROJECT COMMUNICATIONS

C.3.1 General

All written communications concerning the Project shall be prepared in a manner that supports the communications objectives and branding of each Party.

C.3.2 Contracts

All public information material related to calls for tendering for the Project shall clearly indicate that the Project is partially funded by the Government of Canada.

C.3.3 Project Promotion

- a) The Recipient is responsible for the promotion of the Project and its activities and objectives within their jurisdiction. The Recipient will provide, as appropriate, Project communications such as: a Project web site, print, audiovisual and other communications about the Project as it proceeds. The Recipient will inform Canada of any such promotional communication before it takes place. The Recipient will also ensure appropriate recognition of Canada's contribution is mentioned and the contribution of all parties in annual reports, speeches or other opportunities, as appropriate.
- b) The Recipient are solely responsible for operational communications including calls for tender, construction, design, property, emergency and public safety notices. Operational communications as described above are not subject to official language policy.
- c) The Recipient will share information promptly with Canada on significant emerging media and stakeholder issues relating to the Project. Canada will advise the Recipient, where appropriate, about media inquiries received concerning the Project. (For example, joint management questions or serious safety matters.)
- d) The Parties reserve the right to refer to the funding provided in their own separate, and non-Project specific communications. Each Party commits to acknowledge the other

Parties' involvement in the Project.

e) The Recipient will provide, whenever possible, professional quality audio-visual material about the Project to Canada to support wider communications about the federal funding.

C.4 COMMUNICATING WITH THE PUBLIC

C.4.1 General

a) The Parties shall consult with each other, fifteen (15) working days in advance, about all proposed news releases, new media communications activities, or public announcements relating to the Project. This is to provide the Parties sufficient notice of key Project communications, and, where appropriate, the time to determine a course of action, line up principals and prepare joint material. Notwithstanding the advance notice requirement, consent shall not be unreasonably withheld by the Parties if a news release or public announcement must be issued in less than fifteen (15) working days as the result of unforeseeable circumstances, including matters of public safety or where an emergency response is required.

b) The Recipient will advise Canada regularly of upcoming public events or community relations activities relating to the Project as per the initial communications plan specified in C.4.1 (c). The Parties commit to acknowledge the other Parties' involvement.

c) The Project will include a communications plan showing how the Recipient intends to manage communications and provide the Parties with equal visibility. This plan should also forecast: major milestones for joint communications, Project communications activities (e.g., tender notices, plans to provide contributor visibility after Project completion), and estimated expenditures for key communications activities and issue management.

d) The Committee may directly, or through delegation to a sub-committee, working group, agent or other representative, monitor the Parties' performance with respect to the communications provisions of this Agreement and order appropriate remedies, as it sees fit, where insufficiencies are found.

e) In the event of an election call that affects a riding that the Project is located in, whether federal, provincial or municipal, no public announcements will be permitted. For clarification, this does not include announcements and communications made under C.3.3 b).

C.4.2 Signing of the Agreement

The Parties may issue a joint news release when this Agreement is signed. The Parties agree to hold, where appropriate, an official ceremony on these occasions.

C.4.3 Public Information Kits

The Parties may develop joint information kits, brochures, public reports, new media products, and web site material to inform the public about the Project. Such material shall be prepared in a manner consistent with this schedule and any core messages developed by the Parties.

C.4.4 New Releases

The Parties shall issue joint news releases upon Project milestones or at any other relevant time in the life of the Project. In all such news releases, the Parties shall receive equal prominence. The Parties shall mutually agree on the use of quotes from the designated representatives of Canada or the Recipient in the news releases.

C.4.5 News Conferences, Public Announcements, Official Events or Ceremonies

a) The Parties agree to hold news conferences at the request of any Party. The Ministers, Mayor and Chair or a designated representative of each of the Parties, should be provided the opportunity participate in such news conferences.

b) No public announcement relating to the Project, with the exception of those notices described in C.3.3 b), shall be made by any Party without prior consent of the Committee, or its communications sub-committee or designate.

c) The Parties shall cooperate in the organization of announcements or ceremonies. The Table of Precedence of Canada, as established by Canadian Heritage (http://www.pch.gc.ca/progs/cpsc-ccsp/pe/precedence_e.cfm), or other mutually agreed protocol, should be respected. Messages and public statements for such events should be mutually agreed upon. The Committee or its delegate may recommend special events and ceremonies be held where and when appropriate.

C.4.6 Signage

- a) Within 15 days of the signing of this agreement, the Recipient agrees to produce and erect temporary signage acknowledging the federal government's contribution to the Project. The signage will be produced in accordance with the design requirements to be provided by Canada and will be at least equivalent in size and prominence to other contributors' Project signage. The signage will remain in place until 90 days after construction is completed.
- b) The Recipient will provide and install, upon completion of the Project, where feasible, a plaque, permanent sign or other suitable identifier bearing an appropriate inscription. The design, wording and specifications of provisions of this Agreement and must be approved by the Committee or its designate.
- c) Except for signage acknowledging the Project funding, traffic control; safety devices; contractor signage; retail signage or normal construction related signage, no additional signage concerning the Project shall be erected by any Party.

C.4.7 Advertising

Recognizing that advertising can be an effective means of communicating with the public, any Party may, at its own cost, organize an advertising or public information campaign related to the Project. However, such a campaign must respect the provisions of this Agreement. In the event of such a campaign, the sponsoring Party agrees to inform the other Party of its intention as soon as possible, as early notice is essential for any required review process. In any event, notice must be provided a minimum of twenty (20) working days before launch.

C.5 COST ALLOCATION

With the exception of advertising campaigns outlined in subsection C.4.7, the costs of communication activities and signage will follow the eligibility rules established in Schedule A – Eligible and Ineligible Costs.

C.6 DISPUTES, MONITORING AND COMPLIANCE

C.6.1 The Committee will monitor the Parties' compliance with this Schedule, and may, at its discretion, advise the Parties of issues and required adjustments. Should there be any disagreement or contentious issues, Section 8 (Dispute Resolution) of the Agreement will be followed.

SCHEDULE D – REPORTING, AUDIT AND EVALUATION

D.1 REPORTING

D.1.1 QUARTERLY AND ANNUAL PROGRESS AND PERFORMANCE REPORTS

- a) The Recipient will submit to Canada quarterly progress reports, delivered within thirty (30) days of the end of each quarter, which will include the following:
 - i. Introduction with general description of the Project focusing on major achievements to date;
 - ii. detailed summary information on the Project's progress;
 - iii. amounts received from Canada for the Project; and,
 - iv. amounts expended on the Project, including the total federal contribution.
- b) The Recipient will submit to Canada an annual progress report, delivered by June 30 of each Fiscal Year, which will include the following:
 - i. the information listed in section D.1.1 (a);
 - ii. an overview about the status of both expected and unanticipated significant environmental issues related to the Project and the proposed mitigation strategies to deal with these concerns;
 - iii. an update of qualitative and quantitative performance measurement information linked to the expected results of the program to gauge project benefit outcomes (environmental, economic, social, cultural, safety, etc.) outlining results or successes achieved during the Fiscal Year, and in support of the program's Performance Measurement Strategy. The Recipient will ensure that appropriate data collection processes are in place to enable the capture and reporting of benefits;
 - iv. an explanation of any variations from Schedule B.2 in this Agreement, along with the intended course of action to remedy the situation;
 - v. any areas of concern on risk factors and proposed mitigation strategies affecting the schedule or the budget of the Project;
 - vi. any issues or risk factors that may affect completion of the Project as per original plans;
 - vii. highlights of communication activities of the Project this Fiscal Year; and
 - viii. problems encountered solutions and lessons learned.
- c) In the event that this Agreement is executed by Canada between January 1st and June 30th, the annual progress report must be submitted to Canada by June 30th in the following Fiscal Year and not in the Fiscal Year of execution of this Agreement.

D.1.2 FINAL PERFORMANCE REPORT

- a) The final performance report, delivered within twelve (12) months after the Substantial Completion Date and will include:
 - i. an overview of both expected and unanticipated significant environmental issues encountered during the Project and mitigation strategies undertaken to deal with these concerns;
 - ii. qualitative and quantitative performance measurement information linked to the expected results of the program to gauge project benefit outcomes (environmental, economic, social, cultural, safety, etc.) outlining results or successes achieved during the fiscal year, and in support of the program's Performance Measurement Strategy. The Recipient will ensure that appropriate data collection processes are in place to enable the capture and reporting of benefits;
 - iii. an explanation of any variations from Schedule B.2 in this Agreement, along with the course of action to remedy the situation;

- iv. any areas of risk factors and mitigation strategies affecting the schedule or the budget of the Project;
- v. any issues or risk factors that affected completion of the Project as per original plans;
- vi. highlights of communication activities during project; and
- vii. problems encountered, solutions and lessons learned.

b) The financial information of the quarterly progress and performance report(s) and final report [What about the Annual Report] will be submitted in an electronic format as agreed to by the Committee that will facilitate the upload of data in Infrastructure Canada's (INFC) SIMSI.

D.2 RETENTION OF INFORMATION

The Recipient must keep all pertinent information a minimum of six (6) years after completion of the Project. Canada information is subject to the Management of Government Information Policy and consequently the Library and Archives Act of Canada. With the assistance of other GIF contributors, INFC will set up a retention and disposal schedule for Canada Information. It is very likely that some of the information will be transferred to the National Archives at the end of the retention period because of its historical value.

D.3 AUDIT

D.3.1 AUDIT PLAN

- a) The Committee is responsible for establishing, overseeing, managing and implementing a program and Project audit plan, including any required corrective actions. The Committee will use an agreed upon risk-based assessment approach. INFC will provide a model risk assessment tool for use by the Committee. The audit plan of the Project will be determined within three (3) months of the establishment of the Committee. Canada reserves the right to conduct at any time a full audit of the Project as deemed necessary.
- b) The Project audit plan must specify the frequency and type of audit each Project is to be subject. The frequency and type will be based on risk.
- c) The Project audit plans must specify:
 - i. the audit objectives to be achieved for the audits in question, including both the financial audits and compliance audits;
 - ii. the audit methodology;
 - iii. the costs and resources to be allocated for the audit plan;
 - iv. clear understanding with respect to access to working papers by Canada and the Recipient; and
 - v. the time frames for audits and public access to audit reports.
- d) There may be a requirement for a separate environmental audit to be undertaken.
- e) Audit(s) may be posted on relevant websites of the departments/agencies and available under access to information legislation.

D.3.2 AUDIT RESPONSIBILITY

The Recipient is responsible for requesting and managing the undertaking of all audits of the Project and delivering them in the timeframe set out in this Agreement, other than audits set out in subsection 10(b). All audits will be carried out at the Recipient's expense by accredited and independent auditors in accordance with Generally Accepted Auditing Standards (GAAS). The costs of carrying out these annual audits, by the Recipient, are recognized as Eligible Costs in accordance with Schedule A – Eligible and Ineligible Costs, of this Agreement.

D.3.3 FINANCIAL AUDIT(S)

- a) Financial audits must be conducted by external auditors in accordance with the GAAS.

b) The key objective of the financial audit is to determine whether information has been coded correctly and presented fairly in the Project/entity financial statements in accordance with Generally Accepted Accounting Principles.

D.3.4 COMPLIANCE AUDIT(S)

The key objectives of the compliance audit(s) are to:

- a) determine whether funds were expended for the purposes intended and with due regard to economy, efficiency and effectiveness;
- b) determine compliance with the Agreement;
- c) ensure that Project and financial information is complete, accurate and timely, in accordance with the terms and conditions of the Agreement;
- d) ensure that information and monitoring processes and systems are sufficient for the identification, capture, validation and monitoring of achievement of intended benefits;
- e) to assess the overall management and administration of the project;
- f) provide recommendations for improvement or redress; and,
- g) ensure that prompt and timely corrective action is taken on audit findings.

D.4 EVALUATION

- a) Evaluations will be scheduled according to a risk based five-year evaluation plan that is currently being updated which will include the GIF and other INFC transfer payment programs.
- b) During 2009-2010 and 2010-2011 Fiscal Years, the INFC Audit and Evaluation Division will focus on assessing the clarity of expected outcomes, the adequacy of performance indicators, and the adequacy of performance monitoring for the GIF and developing evaluation frameworks
- c) The purpose will be to ensure that program logic is clear enough, and performance information, as identified in the Performance Measurement Strategy, is robust enough that the INFC Audit and Evaluation Division will be able to draw conclusions on program performance, relevance and alternatives when evaluations are conducted.
- d) As required by Section 42.1 of the Federal Accountability Act and the Treasury Board Policy on Transfer Payments, INFC will evaluate its transfer payment programs at least every five years in time to inform program renewal decisions.

SCHEDULE E – SOLEMN DECLARATION/CERTIFICATION OF SUBSTANTIAL COMPLETION

In the matter of the Agreement (“Agreement”) entered into between Her Majesty the Queen, in right of Canada, represented by the Minister of Transport, Infrastructure and Communities, and the Recipient, , HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the Minister of Energy, Mines and Petroleum Resources, on _____

I, _____, a Registered _____ in the Province of British Columbia do solemnly declare/certify as follows:

1. That I am the [_____] and as such have knowledge of the matters set forth in this solemn declaration;
2. That the work identified as Project _____ in the above-mentioned Agreement has been substantially completed as described in Schedule B, dated on the _____ day of _____ 20_____.
3. That the work:
 - was carried out by (*the prime contractor*), between the dates (*start date*) and (*completion date*);
 - was supervised and inspected by qualified staff;
 - conforms with the plans, specifications, construction drawings and other documentation relevant to the work for the work;
 - conforms with applicable environmental legislation, and
 - conforms with the terms and conditions referenced in the Agreement or any guidelines approved by the Agreement Management Committee established under the Agreement.

Declared at _____ (city) _____, in the Province of _____

this _____ day of _____

(name, title)

(Witness name, title)

DRAFT

DRAFT