



MANITOBA



SASKATCHEWAN

MEMORANDUM OF UNDERSTANDING

ON CO-OPERATIVE INITIATIVES
RELATED TO MANITOBA HYDRO AND
SASKPOWER CORPORATION

BETWEEN

THE GOVERNMENT OF MANITOBA

AND THE

GOVERNMENT OF SASKATCHEWAN

(HEREINAFTER JOINTLY REFERRED TO AS THE "PARTIES")

WHEREAS Manitoba and Saskatchewan have a long-standing relationship of cooperation and goodwill that has provided mutual benefit, through the pursuit of joint activities that have benefited both provinces;

WHEREAS Manitoba and Saskatchewan share a common heritage that has produced similarities in specific energy activities, including both province's publicly-owned utilities that service the province's electrical and natural gas requirements;

WHEREAS Manitoba and Saskatchewan have an interest in establishing a strong, reliable, sustainable, and economically competitive electricity supply for each of their provinces and benefiting from synergies that may exist between the provinces;

WHEREAS Manitoba and Saskatchewan recognize that:

- there may be potential advantages to work together in securing short-term and long-term energy security and reliability possibilities and to enhance economic development opportunities;
- both provinces have seen significant domestic electrical load growth.

THEREFORE, in the spirit of promoting closer relationships, the Province of Manitoba and the Province of Saskatchewan agree as follows:

1.0 PURPOSE

The purpose of this Memorandum of Understanding (MOU) is to facilitate communications between SaskPower Corporation and Manitoba Hydro with the view to identifying areas of cooperation that offer the potential to increase energy (including alternate and renewable fuel sources) supply, improve electrical reliability and security, and enhance economic development opportunities in respective jurisdictions.

2.0 PRINCIPLES

- 2.1 Any cooperative arrangements that may be entered into pursuant to the Memorandum of Understanding will be based on mutual respect, openness and interest.
- 2.2 This Memorandum of Understanding recognizes the right of either Party to carry out its legal responsibilities and obligations and creates no legal obligations on the Parties.
- 2.3 This Memorandum of Understanding recognizes existing agreement and arrangements either Party may have with other governments, groups or individuals who are stakeholders within its jurisdiction, and further recognizes the

right of each Party to enter into future agreements with others.

3.0 SPECIFIC COOPERATIVE EFFORTS

The Parties agree to examine short and long term opportunities as follows:

3.1 Short Term:

- (a) examine various energy transactions that can be established utilizing Manitoba's surplus non firm energy (either creating a firm product for sale in markets using SaskPower's excess capacity, or for an efficient utilization within the Saskatchewan system). This is mainly surplus non firm energy that would be available from the proposed Conawapa and Keeyask Generating Stations;
- (b) proceed with the respective approval processes for the new recommended 230 kV transmission line between Birtle, Manitoba and Tantallon, Saskatchewan;
- (c) facilitate a discussion and / or study that would identify which, and potentially create the necessary anchor energy arrangements, that would have the potential to facilitate a strong Western intertie such as the one studied as part of the Western Grid Initiative.

3.2 Long Term:

- (a) examine the potential, for a (post 2025) energy arrangement from Manitoba Hydro's proposed Gillam Island development and whether it can provide anchor energy arrangement satisfying Saskatchewan's needs, and justifying increased transmission connectivity between the provinces;
- (b) examine the potential for mutually beneficial development that enables the economic development of each Province and support the continuing efforts around central system supply in remote areas of Northern Manitoba; and
- (c) recognizing the unique competencies that Manitoba has developed in its relationships with Aboriginal communities, to examine what partnerships may further SaskPower's ability to engage energy development in an appropriate fashion;
- (d) examine the specific opportunity of jointly developing, under suitable commercial and ownership arrangements, new facilities.

3.3 The Parties agree to use best efforts to conduct studies and pursue identified initiatives in a timely manner, and if the Parties identify an opportunity as a result, the opportunity will form the basis of a joint agreement to advance the opportunity to the feasibility stage.



With respect to future studies, initiatives, and cooperative efforts following from this agreement:

- (a) The Parties agree that annexes may be developed outlining the nature and scope of the cooperative efforts;
- (b) The Parties will identify the initiatives to be pursued on a bilateral basis;
- (c) Funding for specific initiatives will be determined on a case-by-case basis taking into consideration programs and priorities of the Parties;
- (d) Priority areas may be amended over time by mutual agreement of the Parties.

4.0 MANAGEMENT OF COOPERATIVE EFFORTS PURSUANT TO THIS MEMORANDUM OF UNDERSTANDING

The Governments of Manitoba and Saskatchewan recognize the benefits of ongoing, regular contacts between their respective governments and their respective electrical utilities.

Therefore, they intend to:

- 4.1 Monitor progress on the implementation of this Memorandum of Understanding;
- 4.2 Designate the Ministers Responsible for Manitoba Hydro and SaskPower together with the Presidents of Manitoba Hydro and SaskPower to act as the management committee for administering this agreement.
- 4.3 Require that the management committee meet quarterly to review progress on these initiatives and report back to their respective Premiers who have executed this agreement on behalf of the Government of Manitoba and the Government of Saskatchewan or their designates.
- 4.4 Review this Memorandum of Understanding after a period of two years from the date of signing.

Signed in duplicate at Brandon, Manitoba, on this 11th day of February, 2011.

For the Government of
Manitoba

For the Government of
Saskatchewan

[Original Signed By]

[Original Signed By]

The Honourable Greg Selinger
Premier of the Province of Manitoba

The Honourable Ken Krawetz
Deputy Premier
of the Province of Saskatchewan

[Original Signed By]

[Original Signed By]

Honourable Rosann Wowchuk
Minister Responsible for Manitoba Hydro

Honourable Rob Norris
Minister Responsible for SaskPower