

WIND POWER GROUND LEASE

THIS INDENTURE OF LEASE (the "Lease") made effective the ____ day of _____, 200_ (the "Effective Date")

BETWEEN:

of _____,
in the Province of Ontario
(hereinafter called the "Lessor")

- and -

TRANSCANADA ENERGY LTD.,
a corporation governed pursuant to the laws of Canada
(hereinafter called the "Lessee")

WHEREAS the Lessor is the registered owner of an estate in fee simple, subject, however, to the exceptions, conditions, Encumbrances, liens and interests as registered on title of and in that certain parcel or tract of land situate, lying and being in the Province of Ontario known as: •

(hereinafter called the "Lands", which may be more particularly described in Schedule "D", if any, attached hereto);

AND WHEREAS the Lessor granted an option to the Lessee pursuant to an Option Agreement dated the ____ day of _____, 200_ to allow the Lessee the opportunity to assess the wind resources over the Lands and, if satisfactory, to lease some or all of the Lands for the potential installation of Wind Turbines, Permanent Access Roads and Temporary Workspace for wind power electricity generating facilities.

NOW THEREFORE THIS INDENTURE WITNESSETH THAT, in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto covenant and agree with each other as follows:

ARTICLE I

PURPOSE, USE AND DEFINITION

1.1 Purpose and Use

The Lessor has agreed to lease and grant a certain portion of the Lands to the Lessee for the purposes and uses as may be necessary or useful to assess and evaluate the wind resources over such Lands and, if suitable for the purposes of the Lessee in its sole discretion, the installation of either or both of Anemometers to further measure such wind resources or windpower electricity generating facilities including wind driven turbines and the transmission of electricity for use or sale created therefrom.

Without restricting the generality of the foregoing, these purposes and uses include the right, license, liberty and privilege to enter upon, use and occupy the Leased Lands in order to conduct surveys, construct, operate, maintain, inspect, control, alter, improve, remove, reconstruct, replace and repair any Wind Turbines and all appurtenances thereto installed by the Lessee. All of which, shall be installed only by the Lessee at its sole cost and expense and notwithstanding any rule of law or equity, shall at all times remain chattels of and the property of the Lessee even though attached to the Leased Lands. The Leased Lands shall include any Permanent Access Road(s), as provided in subsection 2.1(c) below; and

1.2 Definition

Capitalized terms unless otherwise defined herein shall have the meanings given to such terms as set out in Schedule "A" attached hereto.

ARTICLE II

THE LANDS

LEASE AND GRANT

2.1 **THE LESSOR**, in consideration of one (\$1.00) dollar (the receipt and sufficiency of which is hereby acknowledged) and at the rental hereinafter set forth, **HEREBY LEASES AND GRANTS** to the Lessee all and singular:

(a) Leased Lands: those parts or portions of the Lands shown outlined in red on the sketch or plan identified as Schedule "B" hereto attached from time to time (hereinafter called the "Leased Lands") to be held exclusively by the Lessee as tenant for the Term of twenty-one (21) years less one (1) day from the Commencement Date hereof (the "Initial Term") and for so long thereafter as it may be renewed in accordance with the provisions hereof. The Leased Lands shall include any Permanent Access Road(s) as indicated on the sketch or plan identified in Schedule "B" hereto and as provided in subsection 2.1(c) below; and

(b) Temporary Workspace: those parts or portions of the Lands required for:

(i) the ongoing, non-exclusive and repeated right to enter upon, use, occupy and access additional portions of the Lands surrounding the Leased Lands as a temporary workspace (such areas hereinafter collectively called the "Temporary Workspace") being those parts or portions of the Lands shown outlined in green on the sketch or plan identified as Schedule "C" hereto attached, for the purposes of construction, repair, maintenance or decommissioning of any Wind Turbines and any of the aforesaid appurtenances thereto installed by the Lessee, and including temporary access for any equipment associated with or required for such purposes. The Lessee's use of the Temporary Workspace on the Lands shall be subject to all of the provisions of this Lease, and consideration for such use by the Lessee throughout the Term of this Lease is included in the calculation of the consideration payable to the Lessor under Section 3.1 below;

(ii) all rights of ingress to and egress from, on and over the Lands reasonably necessary as determined by the Lessee to access the Temporary Workspace. If required by the Lessee, temporary access roads for construction, repair, maintenance and decommissioning purposes will be acquired on the Lands as part of the Temporary Workspace, with the compensation for damages (as calculated under Section 5.6) to be based on crop loss only, if any; and

ARTICLE III

CONSIDERATION AND RENTAL

YIELDING AND PAYING UNTO THE LESSOR:

3.1 Basic Annual Rental:

From and after the Commencement Date and thereafter during the Term of this Lease, a basic annual rental payable in four (4) equal consecutive quarter yearly installments in arrears on the last days of March, June, September and December in each calendar year of \$9,000.00 per Wind Turbine located on the Leased Lands escalating at a rate of 2% compounded annually (which without restricting the provisions of Section 2.1 above, may contain associated electrical cables, telecommunications cables, and all permanent developed and undeveloped access roads, and ingress to and egress from such Leased Lands and Temporary Workspace, associated with the Wind Turbine site), which sum includes rental and compensation in full for adverse effect, market value of land granted, entry fee, capital damage, loss of use, severance, nuisance, noise, inconvenience done or caused to the Leased Lands and weed control to the extent provided in Section 4.7, for the Leased Lands.

Notwithstanding the foregoing, the Lessee grants the Lessor an option to retain the right to terminate this Lease at the end of the Initial Term, at the Lessor's sole discretion, upon the provision of written notice by the Lessor to the Lessee given not less than one hundred eighty (180) days prior to the expiration of the Initial Term. The Lessor shall advise the Lessee that they wish to retain the foregoing option upon the provision of written notice by the Lessor to the Lessee given not less than one hundred eighty (180) days prior to the expiration of Year 5 of the Initial Term. In consideration of the foregoing option, the basic annual rental shall be adjusted

for Years 6 through 21 of the Initial Term as follows: basic annual rental payable in four (4) equal consecutive quarter yearly installments in arrears on the last days of March, June, September and December in each calendar year of \$7,500.00 per Wind Turbine located on the Leased Lands escalating at a rate of 2% compounded annually (which without restricting the provisions of Section 2.1 above, may contain associated electrical cables, telecommunications cables, and all permanent developed and undeveloped access roads, and ingress to and egress from such Leased Lands and Temporary Workspace, associated with the Wind Turbine site), which sum includes rental and compensation in full for adverse effect, market value of land granted, entry fee, capital damage, loss of use, severance, nuisance, noise, inconvenience done or caused to the Leased Lands and weed control to the extent provided in Section 4.7, for the Leased Lands. In the event the Lessor elects to retain the option to terminate this Lease at the end of the Initial Term by providing the requisite notice indicated herein, and pursuant to the foregoing the Lessor has not exercised the foregoing termination right within one hundred and eighty (180) days prior to the expiration of the Initial Term, the Lessee and Lessor acknowledge and agree that this Lease shall continue for the balance of the Term in accordance with the terms hereunder including, without limitation, an applicable basic annual rental of \$7,500.00 per Wind Turbine located on the Leased Lands escalating at a rate of 2% compounded annually as discussed above.

OR

3.2 Percentage Rental:

From and after the Commencement Date and thereafter during the Term of this Lease, a percentage rental for the Leased Lands (which without restricting the provisions of Section 2.1 above, may contain associated electrical cables, telecommunications cables, and all permanent developed and undeveloped access roads, and ingress to and egress from such Leased Lands and Temporary Workspace, associated with the Wind Turbine site), based on a share of the gross revenue received from generation of electrical power as follows:

| | | |
|----------------------|-------------------|---------------------|
| Years 1 through 5: | 2.5% | |
| Years 6 through 21: | 2.0% or 2.5% | End of Initial Term |
| | (discussed below) | |
| Years 22 through 25: | 3.0% | First Renewal Term |
| Years 26 through 30: | 3.5% | Second Renewal Term |
| Years 31 through 40: | 4.5% | Third Renewal Term |

which sum includes rental and compensation in full for loss of use, severance, nuisance, noise, inconvenience done or caused to the Leased Lands and weed control to the extent provided in Section 4.7, for the Leased Lands.

The Lessor shall have the right to elect either a 2.0% or 2.5% applicable percentage rental for Years 6 through 21 of the Initial Term, exercisable by written notice by the Lessor to the Lessee given not less than one hundred eighty (180) days prior to the expiration of Year 5 of the Initial Term. In the event the Lessor has not exercised the foregoing right within one hundred eighty (180) days prior to the expiration of Year 5 of the Initial Term, the applicable percentage rental for Years 6 through 21 of the Initial Term shall be deemed to be 2.5%. In consideration of the foregoing, should the Lessor elect a 2.0% percentage rent for Years 6 through 21 of the Initial Term, then the Lessee grants the Lessor an option to terminate this Lease at the end of the Initial Term, at the Lessor's sole discretion, upon the provision of written notice by the Lessor to the Lessee given not less than one hundred eighty (180) days prior to the expiration of the Initial Term. In the event the Lessor elects a 2.0% percentage rental for Years 6 through 21 of the Initial Term, and pursuant to the foregoing the Lessor has not exercised the foregoing termination right within one hundred and eighty (180) days prior to the expiration of the Initial Term, the Lessee and Lessor acknowledge and agree that this Lease shall continue for the balance of the Term in accordance with the terms hereunder including, without limitation, the percentage rental as noted above.

The percentage annual rental shall be equal to the Lessor's Proportionate Share of the percentage of the aggregate payments for gross revenues (before calculation of taxes and deduction of expenses) received by the Lessee from a bona fide, arm's length, government authorized Power Purchaser for the net purchase price of electrical energy for transmission into an electric utility distribution or transmission system, calculated for each calendar year, for electrical energy generated from all of the Wind Turbine generators operated by the Lessee on the Leased Lands. Such percentage rental shall be estimated by Lessee and such estimates shall be payable in four (4) equal consecutive quarter yearly installments in arrears on the last days of March, June, September and December in each calendar year and shall be adjusted between Lessee and the Lessor within ninety (90) days following the last day of each such calendar year.

Such payment shall be retroactively made on a per diem basis for any less than whole calendar year after the Commencement Date, using as its ratio the number of days during which the Wind Turbine was Commissioned in that calendar year divided by three hundred sixty five (365) days and calculated and paid annually thereafter.

The percentage annual rental detailed above shall be no less than \$9,000.00 per Wind Turbine located on the Leased Lands escalating annually at a rate of 1% at Year 2 through to and including Year 6 of the Initial Term. Should the Lessor elect a 2.5% % applicable percentage rental for Years 6 through 21 of the Initial Term, the percentage annual rental detailed above shall continue to be no less than \$9,000.00 per Wind Turbine located on the Leased Lands escalating annually at a rate of 1% at Year 6 through to and including Year 21 of the Initial Term and thereafter for the balance of the Term in accordance with the applicable percentage rentals as noted above. Should the Lessor elect a 2.0% applicable percentage rental for Years 6 through 21 of the Initial Term as provided hereunder, the percentage annual rental shall be no less than \$7,500.00 per Wind Turbine located on the Leased Lands escalating annually at a rate of 1% for Years 6 through 21 of the Initial Term. For clarity, should the Lessor elect the foregoing 2.0% applicable percentage rental for Years 6 through 21 of the Initial Term, but choose not to exercise its termination right provided hereunder within the time frame discussed above, the Lease shall continue for the balance of the Term in accordance with the terms hereunder including, without limitation, the percentage rental as noted above which shall be no less than \$9,000.00 per Wind Turbine located on the Leased Lands escalating annually at a rate of 1% for the balance of the Term.

The Lessor shall be entitled, but not obligated, to examine the books and records of the Lessee as it pertains strictly to gross revenue obtained by the Lessee from a Power Purchaser, for the previous year, relative to electricity generated by Wind Turbines located upon the Project Lands, provided that such examination shall be conducted only during the regular business hours of the Lessee at the offices of the Lessee and on no less than seven (7) days prior Notice. The Lessor shall maintain such books and records as Confidential Information subject to the same terms and conditions as set out in Section 8.12 of this Lease. For clarity, the foregoing records of production shall not include expense reports.

3.3 Interest

Any amounts to be paid by the Lessee to the Lessor pursuant to this Article III shall bear interest at two (2%) percentage points above the prime rate charged by any chartered bank of Canada designated from time to time by the Lessor, compounded monthly, from the time such amounts are due until paid.

ARTICLE IV

LESSOR'S COVENANT

THE LESSOR HEREBY COVENANTS AND AGREES TO AND WITH THE LESSEE:

4.1 Taxes Paid by Lessor

The Lessor will promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the Leased Lands during the continuance of this Lease except where such are to be paid by the Lessee. The Lessee shall pay any increase which actually occurs in any such taxes, rates and assessments due to Lessee's use of the Leased Lands for the purposes and uses permitted herein.

4.2 Quiet Enjoyment

The Lessor has good title to the Lands as hereinbefore set forth, has good right and full power to grant and lease the Leased Lands and the rights and privileges in the manner aforesaid, and the Lessee, upon observing and performing the covenants and conditions on the Lessee's part herein contained, shall and may peaceably possess and enjoy the Leased Lands and Temporary Workspace and the rights and privileges hereby granted during the Term without any interruption or disturbance from or by the Lessor or any other person claiming by, through or under the Lessor.

The Lessor further warrants that there are no deeds or agreements to secure debt, mortgages, liens or judgments or which otherwise encumber the Lands except the Encumbrances as registered on title to the Lands effective as of the Effective Date hereof and there are no other encumbrances on the title to the Lands that would prevent the Lessee using the Lands for the uses intended by the Lessee as set forth herein throughout the entire Term. With respect to the Encumbrances (if any), upon the request of the Lessee, the Lessor shall use all reasonable efforts to obtain from any prior mortgagee or interest holder a non-disturbance agreement in the Lessee's favour.

4.3 Pre-Existing Contaminants

To the best of the Lessor's knowledge and belief, the Leased Lands do not contain any pollutant, contaminant, hazardous materials, dangerous or toxic substances (collectively, "Contaminants"). The Lessor shall not contravene any law, order, regulation or by-law in regard to the creation, manufacture, production, use, storage, discharge, disposal, transportation or presence of any Contaminants. The Lessee shall promptly notify the Lessor of the discovery of Contaminants during any excavation or assessment work done by the Lessee on the Leased Lands. Unless the Contaminants are sourced from the Lessee's structures, fixtures, materials or Wind Turbines or the exercise of any of the Lessee's rights hereunder, the Lessee shall not be liable for and the Lessor hereby releases, discharges and indemnifies the Lessee from and against any Claims or costs that may arise as a consequence of the discovery of any Contaminants in, on, or under the Leased Lands during the Lessee's exercise of any of its rights under this Lease.

4.4 Covenant Regarding Obstructions

The Lessor hereby grants (on behalf of itself and its successors and permitted assigns) a covenant in favour of the Lessee, not to construct or erect, or cause to be constructed or erected, during the Term of this Lease and all renewals thereof, on any of the Lands which were owned or controlled by the Lessor as of the Effective Date, in any direction surrounding any Leased Lands, any above-ground structure of any height located within three hundred and fifty (350) meters of any Wind Turbine located on the Leased Lands; and (without the Lessee's prior written consent, acting reasonably) any above ground structure having a height greater than twenty (20) meters located outside of the aforementioned three hundred and fifty (350) meter boundary but within eight hundred (800) meters of any Wind Turbine located on the Leased Lands. This covenant is for the benefit of all or any portion of the Leased Lands (being the dominant tenement) and shall run with and burden every portion of the Lands (as the servient tenement) for the Term of this Lease. The parties agree that damages will be an insufficient remedy for breach of this covenant by the Lessor, and that the Lessee may seek an equitable remedy of specific performance or an injunction or both in respect of such covenant, in addition to any other remedies available to it in equity or at law.

4.5 Covenant Regarding Uses

The Lessor covenants and agrees that throughout the Term of this Lease, the Lessor will not permit the use of any of the Lands by anyone whose use of any portion of the Lands would interfere with or impede the use of the Leased Lands or any portion of the Lands by the Lessee for the purposes of the Lessee or for any renewable power generation facilities.

For greater clarity, the Lessor acknowledges and agrees that the Lessee and any persons authorized by the Lessee may enter the Leased Lands at all times during normal business hours, and at any time in case of emergency, for the purpose of effecting changes, repairs or alterations to any Wind Turbine, fixtures, equipment or systems contained upon the Leased Lands or adjacent thereto. In so doing, the Lessee agrees to provide reasonable advance notice to the Lessor but shall not be liable to the Lessor with respect to any interference of the use herein contemplated and the Lessor shall have no right to make or advance any claim for losses or damages against the Lessee in respect of any such interruption of use and enjoyment of the Leased Lands.

4.6 Site Assessments and Restoration

The Lessee shall have the further right of non-exclusive access to the Lands to conduct soil and water samples on the Lands together with such wind tests as are necessary to ascertain the suitability of the Lands for the erection of Wind Turbines and connecting corridors thereto for underground electrical cables and underground telecommunication cables, and to condition, maintain, reclaim and restore the surface of the Leased Lands during the Term of the Lease.

4.7 Weed Control

During the Term of this Lease the Lessor shall take all necessary precautions to keep down and destroy all noxious weeds on the Leased Lands except with respect to that portion of the Leased Lands located inside the Lessee's fenced perimeter, if any or if required, surrounding any Anemometer, pad transformer or Wind Turbine tower, payment for which is part of the rental as set out in Article III above.

4.8 Non-Renewal:

In the event the Lessee elects, by notice in writing to the Lessor, delivered on or before the expiry of the Initial Term of this Lease, or the successive First Renewal Term, Second Renewal Term or Third Renewal Term as applicable (discussed below), that the Lessee does not wish to renew the Lease as applicable, the Lessor shall have the right to purchase from the Lessee, at its fair market value as determined, if necessary, pursuant to the dispute resolution provisions of this Lease, all Wind Turbines, equipment, appurtenances, systems and rights (collectively, the "Installations") of the Lessee in any way relating to the Wind Turbines located upon the Leased Lands. In the event

that the Lessor and the Lessee cannot agree on the fair market value of the Installations, the Lessee shall be responsible for the removal of the Installations and the full remediation of the Leased Lands to substantially the condition the Leased Lands were in prior to the introduction of the Installations subject to the terms hereunder.

4.9 Renewal of Lease Term

If the Lessee is not in material default in respect of any of the covenants and conditions contained in this Lease at the date of expiration of the Initial Term, then this Lease may be renewed at the option of the Lessee upon Notice to the Lessor delivered no later than one hundred and eighty (180) days prior to the expiry of the Initial Term for a further term (the "First Renewal Term") of four (4) years at the rental as prescribed and applicable pursuant to Article III and upon the same terms, covenants and conditions as herein contained including this right of renewal for a further term (the "Second Renewal Term") of five (5) years at the rental as prescribed and applicable pursuant to Article III and upon the same terms, covenants and conditions as herein contained including this right of renewal for a further term (the "Third Renewal Term") of ten (10) years at the rental as prescribed and applicable pursuant to Article III and upon the same terms, covenants and conditions except this right of renewal, in each case of renewal, upon the same conditions of Notice to the Lessor as required for the First Renewal Term.

ARTICLE V - LESSEE COVENANTS

THE LESSEE HEREBY COVENANTS AND AGREES TO AND WITH THE LESSOR:

5.1 Rental

The Lessee shall pay the rental hereinbefore reserved in each and every year during the Term of this Lease as applicable.

5.2 Permanent Access Roads

The Lessee shall, at its sole expense and if reasonably required by either party hereunder, ensure that any Permanent Access Road on the Leased Lands is constructed to a low profile unless topography of the land dictates otherwise. Lessee will at the Lessor's option, reduce the width of any Permanent Access Roads on the Leased Lands within eight (8) months of the Effective Date. The Permanent Access Roads after such reduction will be at a minimum twenty (20) feet in width.

5.3 Culverts

The Lessee shall, at its sole expense, construct and maintain such culverts and other structures on the Leased Lands as are reasonably required to ensure the unimpeded flow of water through natural drainage courses.

5.4 Fencing

During the continuance of this Lease, the Lessee shall, at its sole expense, erect and put upon or around the boundaries of the Wind Turbine foundations on the Leased Lands, a good substantial fence if reasonably required by the Lessor or the Lessee, and replace all fences which the Lessee may have removed for its purposes, and repair all fences which it may have damaged, and if and when reasonably required by the Lessor, provide a proper livestock guard at any point of entry upon the Lands used by the Lessee.

5.5 Taxes Payable by Lessee

The Lessee shall pay all taxes, rates and assessments that may be assessed or levied in respect of any and all machinery, equipment, structure and works placed by the Lessee, in, on, over or under the Leased Lands.

5.6 Compensation for Damages

The Lessee shall pay compensation for damage done by the Lessee or its servants, agents or contractors to the balance of the Lands excluding the Leased Lands which without restricting the generality thereof shall include damage to growing crops, machinery and other equipment, fences, buildings or other improvements of the Lessor upon the Lands other than the Leased Lands.

5.7 Indemnities

(a) The Lessee shall indemnify and save harmless the Lessor from and against all actions, suits, claims and demands by any person in respect of any loss, injury, damage or obligation arising out of or connected with the use, occupancy or operations of the Lessee on the Lands, Leased Lands and Temporary Workspace, other than through the use, occupancy or operations by the Lessor.

- (b) The Lessor shall indemnify and save harmless the Lessee from and against all actions, suits, claims and demands by any person in respect of any loss, injury, damage or obligation arising out of or connected with the use, occupancy or operations of the Lessor on the Lands, Leased Lands and Temporary Workspace, other than through use, occupancy or operations by the Lessee.

5.8 Reclamation

The Lessee shall at its sole expense, prior to the surrender of the whole or any portion of the Leased Lands and Temporary Workspace, conduct remediation of the Leased Lands and promptly restore the surface of the surrendered Leased Lands and Temporary Workspace as nearly as possible to its original condition in accordance with the laws and regulations of the Province of Ontario and in accordance with the terms hereunder including, without limitation, Section 6.5. In accordance with prudent industry practice for a similar wind development in the Province of Ontario, the foregoing remediation and restoration may include, without limitation:

- (a) removal of any and all Wind Turbines placed by the Lessee on the Leased Lands;
- (b) demolition or removal of any site structures placed by the Lessee on Leased Lands to a depth of one (1) metre below the surface of the Leased Lands;
- (c) removal of any buried, to a depth of one (1) metre below the surface level of the Leased Lands, or above-ground cables, posts or ancillary appurtenances if applicable;
- (d) removal of any access road(s) if reasonably possible;
- (e) replace/restore topsoil and subsoil in accordance with Section 5.9 herein; and
- (f) provide any documentation/certification that remediation has been completed in accordance with the laws and regulations of the Province of Ontario, if applicable;

which shall, if applicable, be completed within eighteen (18) months after termination of this Lease.

In addition, within a reasonable time following expiry of the Term of this Lease or earlier termination, Lessee shall at its expense discharge any notice of this Lease registered by the Lessee against title to the Leased Lands and agrees to effectuate the applicable re-zoning and/or other change of application to ensure that the classification of the Leased Lands are reverted to the applicable designation in effect prior to the exercise of the Lessee's rights hereunder.

5.9 Topsoil

The Lessee agrees, at its sole expense, to remove only those portions of the subsoil and topsoil from those portions of the Leased Lands to be excavated by the Lessee necessary for the installation of the Lessee's Anemometers, Wind Turbines and related equipment, having regard to good soil management and conservation practices, such subsoil and topsoil to remain the property of the Lessor unless otherwise agreed in writing by the Lessor and Lessee. As soon as reasonably possible following either the surrender of the Ground Lease or its termination, the Lessee shall restore the subsoil and topsoil with subsoil and topsoil of similar quality and to the reasonable condition as originally delivered to the Lessee. The foregoing replacement subsoil and topsoil shall be placed or spread upon those portions of the Leased Lands to be determined by the Lessor, acting reasonably, at no cost to the Lessor.

5.10 Electrical Cables and Telecommunication Cables

The Lessee shall, at its sole expense and where applicable and practical or required by law, bury all electrical cables and telecommunication cables under the Permanent Access Road comprising part of the Leased Lands. Where the Lessee's Permanent Access Road and buried cable are not in common, or where it is impractical in the Lessee's opinion to include the right-of-way for the buried cable in the Leased Lands, the Lessor shall promptly grant, without further consideration, to the Lessee a right of entry and rights-of-way or easements for its buried cables and the Lessee shall to the extent reasonably possible restore the Lands to the condition they were in prior to the installation of such buried cables.

Any buried cables shall be buried at a depth such that they will not reasonably interfere with the Lessor's operations.

5.11 Maintenance

The Lessee shall, at its own expense, use its' best efforts to keep any Wind Turbine and/or any permanent structure erected by the Lessee upon the Leased Lands in a neat, clean and tidy condition, painted and decorated and in good and substantial repair.

5.12 Environmental

During the Term the Lessee may conduct, at its sole expense, such environmental impact studies and public consultations to obtain required approvals and permits for a wind farm upon the Leased Lands, such as under the *Ontario Environmental Assessment Act* and the *Canadian Environmental Assessment Act* and any government grants or subsidies, such as the "Wind Power Production Incentive", as it deems necessary or desirable. If requested by the Lessee, and at the cost of the Lessee, the Lessor shall fully cooperate with and provide such support and assistance to the Lessee, as the Lessee reasonably requires, in respect of any regulatory or legal proceedings, including complying with or obtaining any land use permits and approvals, site plan approvals, building permits, environmental impact reviews or any other approvals required for the financing, construction, installation, maintenance, operation, use or removal of any Wind Turbine, including the execution of applications for such approvals and execution of site plans if required by any municipality. In addition, and subject always to Section 6.7 herein, the Lessee agrees to provide the Lessor with a baseline environmental assessment with respect to the Leased Lands strictly should the Lessor require the foregoing with respect to any proposed sale or assignment of the Lands.

ARTICLE VI – MUTUAL COVENANTS

THE LESSOR AND THE LESSEE DO HEREBY MUTUALLY COVENANT AND AGREE EACH WITH THE OTHER AS FOLLOWS:

6.1 Transmission Easements and Rights-of-Way

The Lessor acknowledges, in conjunction with the use and enjoyment of the Leased Lands by the Lessee, that further grants of easements and rights-of-way may be necessary to permit the installation and connection of power lines and related apparatus and communication facilities by the distributor, transmitter or the Power Purchaser to the facilities and equipment of the Lessee on the Leased Lands. The Lessee agrees to use best efforts to ensure that any such installation and connection of power lines and related apparatus will be installed on, over or under any Permanent Access Road or along the property line of the Leased Lands, if applicable. The Lessor covenants and agrees that it will promptly grant to the distributor, transmitter or the Power Purchaser all appropriate and required easements and rights-of-way so as to permit the installation of any and all such power lines and related apparatus and communication facilities by the distributor, transmitter or the Power Purchaser and to permit the required connections to be made to enable the Lessee to conduct its operations on the Leased Lands in furtherance of the Lessee's use and enjoyment of such Leased Lands.

6.2 Overholding

If the Lessee remains in possession of the Leased Lands after the termination or expiry of the Term, and the Lessor continues to accept monthly rent equivalent to that payable for the month immediately prior to such expiry or termination, such tenancy of the Lessee shall be from month to month only and shall be subject to all the terms, conditions and provisions of this Lease.

6.3 Surrender

The Lessee shall have the right at any time to surrender this Lease upon no less than forty-five (45) days written Notice to the Lessor, provided however that there shall be no refund to the Lessee of any rental which may have been paid in advance, and provided that the Lessee shall have complied with all provisions for abandonment and reclamation in accordance with applicable laws.

6.4 Reduction of Acreage

The Lessee may from time to time and at any time surrender any part or portion of the Leased Lands by giving the Lessor a revised plan of the portion or portions thereof retained. Upon the surrender of a portion of the Leased Lands and in the event basic annual rental is payable based in part or in whole on the area of the Leased Lands, the rental payable hereunder for the subsequent remaining years of the Term and any renewals of this Lease shall be calculated on the proportionate basis of the reduced area of the Leased Lands then remaining subject to this Lease.

6.5 Removal of Equipment

The Lessee may at all times during the continuance of this Lease, at its sole expense, remove or cause to be removed from the Leased Lands all facilities, structures, material and equipment of any kind which it may have placed on or in the Leased Lands or in any area to be surrendered.

6.6 Discharge of Encumbrances

In the event that any power of sale or foreclosure proceedings have been commenced against the Lessor that in any way affect the Lands or the Leased Lands, or a court order has been issued for a sale that in any way affects the Lands or the Leased Lands, then the Lessee may, after giving not less than ten (10) days written notice thereof to the Lessor, at the Lessee's option pay or discharge the whole or any portion of any Encumbrance or lien payable, incurred or created by

the Lessor which in any way affect the Lands or the Leased Lands. In the event the Lessee exercises its option to pay or discharge as aforesaid, then the Lessee shall be subrogated to the rights of the holder or holders thereof and, at the Lessee's option, may reimburse itself by applying the amount so paid by the Lessee against any rental payable hereunder, or other sums accrued or accruing to the Lessor under the terms of this Lease, and any sums so applied shall, for all purposes of this Lease, be deemed to have been paid to and received by the Lessor in payment of the consideration payable hereunder, or other sums accrued or accruing to the Lessor under the terms of this Lease, as the case may be. Notwithstanding the foregoing, the Lessee may at the Lessee's option pay or discharge the whole or any portion of any withholding or other tax payable, incurred or created by the Lessor which in any way affects the Lands or the Leased Lands, and which remains in default for a period of thirty (30) days after written notice thereof to the Lessor, and the provisions of this Section 6.6 shall apply mutatis mutandis. .

6.7 Assignment by Lessee and Lessor

(a) The intention of the parties with respect to the covenant contained in Section 4.3 is to ensure that all portions of the original Lands which were subject to this Lease as of the Effective Date remain subject to the covenant as if no sale or assignment of the Sold Lands (as hereinafter defined) had occurred. Accordingly, should the Lessor propose to sell, assign, transfer, convey or otherwise alienate or dispose of title to all or any portion of the Lands (the "Sold Lands") which are burdened by the covenant in Section 4.3, the Lessor (as vendor or transferor) shall make it a condition of any such sale or transfer that the purchaser or transferee agrees with the Lessee in writing under seal to assume the burden of that covenant in full against the Sold Lands as servient tenement, such that the benefit of such covenant accrues to all or any portion of the Leased Lands (whether located on the Sold Lands or the retained Lands), as dominant tenement as if the purchaser or transferee of the Sold Lands were an original party to this Lease with the Lessee. All provisions of this Lease shall apply to any successor or permitted assign of the Lessor or of the above-referenced purchaser or transferee. Similarly, the covenant granted by the Lessor shall continue to burden the retained Lands and shall continue to accrue to the benefit of any portion of the Sold Lands to the extent same are comprised, or will be comprised at a future date, of the Leased Lands, as of the date of such sale or transfer.

(b) No sale, assignment, transfer, conveyance or disposition shall be effective or binding on the non-assigning party: (i) until that non-assigning party has received notice thereof, which notice shall include the name and address of the assignee; (ii) with respect to the devolution of all or part of the estate in the Lands to the heir, administrator or executor of a party, until written notice of such devolution and copies of pertinent documents evidencing such devolution is provided to the non-assigning party; and (iii) in all other circumstances except those described in (ii) above, until the assignee of the assigning party has acknowledged and agreed in writing to assume and be bound by all of the terms hereof, and the assignee of the assigning party has delivered to the non-assigning party a written assumption notice pursuant to Article VIII hereunder evidencing the foregoing, in which case the assigning party shall be absolutely released from any and all obligations under this Lease except Sections 4.2, 4.3 and 6.7(a).

ARTICLE VII

DEFAULT AND DISPUTE RESOLUTION

7.1 Default

Notwithstanding anything herein contained to the contrary, the Lessee shall not be in default in the performance of any of its covenants or obligations under this Lease, including the payment of compensation or rental, unless and until the Lessor has notified the Lessee of such default in writing and the Lessee has failed to commence action to remedy the same within forty-five (45) days of receipt of such notice and thereafter fails to diligently continue to complete such remedial action.

7.2 Dispute Resolution

(a) Any matter or issue arising under or by virtue of this Lease which cannot be agreed upon by the Lessor and the Lessee shall be determined by arbitration pursuant to the provisions of the *Arbitration Act*, 1991 S.O. 1991 Chap.17, as amended. The responsibility for the arbitration costs shall be determined by the appointed arbitrators. If a party is not satisfied with the decision of the arbitrators, or if the parties mutually agree to forego arbitration, then any party may, within thirty (30) days of such party's receipt of the decision of the arbitrators or the agreement to forego arbitration, appeal the decision

or award of the arbitrators to or initiate proceedings in the Superior Court of Justice for the Province of Ontario on a question of law, on a question of fact or on a question of mixed law and fact as if any arbitration had not occurred.

(b) If issues of consideration arise, the arbitrators or adjudicator shall be required to consider the sums described in Article III hereof by considering the equivalent market value rent of the Leased Lands excluding the value of all chattels, equipment, structures, buildings and improvements, located on or under the Leased Lands which have been installed by the Lessee or are owned by the Lessee.

ARTICLE VIII

MISCELLANEOUS

8.1 **Notices:**

All notices, communications, payments and deliveries (collectively the "Notices") required or permitted hereunder shall be in writing, unless otherwise expressed herein. All such Notices and all payments to be tendered hereunder may be given personally or by registered letter addressed to the party to whom the Notice is to be given. When delivered personally, such Notice shall be deemed received on the day of delivery, and when mailed, such Notice shall be deemed to be given to, and received by, the addressee four (4) days after the mailing thereof, postage prepaid, provided however that if a Notice is mailed and a disruption of postal services occurs before the date of deemed receipt of such Notice, such Notice shall not be deemed to be received until the expiration of four (4) days following the resumption of postal service.

The respective addresses for service of Notices shall be as follows:

If to the Lessor:

If to the Lessee:

TransCanada Energy Ltd.
450 – 1st Street S.W.
Calgary, AB T2P 5H1

Fax (403) 920.2353

Attention: Terry Bennett

Any party may change its address for service by Notice to the other party. At any time there shall be only one address for service of Notices for each party.

8.2 **Amendment and Waivers:**

No amendment or waiver of any provision of this Lease shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Lease shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

8.3 **Severability:**

If and to the extent that any Court of competent jurisdiction determines that any of the terms or provisions of the within Lease are void or unenforceable, such determination shall not affect the validity of the other provisions of this Lease which shall remain in full force and effect.

8.4 **Headings:**

The division of this Lease into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Lease.

8.5 **Gender:**

In this Lease, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal and business entities.

8.6 **Counterparts:**

This Lease may be executed in counterparts, each of which will constitute an original and all of which taken together will constitute one and the same instrument.

8.7 Inurement:

This Lease and everything herein contained shall inure to the benefit of and be binding upon the Lessor, his/her heirs, executors, administrators, successors and assigns and upon the Lessee, its successors and assigns including if the estate and interest of either party in this Lease or the Lands or both or any portion thereof is sold, assigned, transferred, conveyed or disposed of in any manner which disposition is hereby expressly allowed, subject to compliance with the provisions of Sections 4.3 and 6.7 herein. The provisions of this Lease shall inure to the benefit of and be binding upon the parties hereto and each of them, their respective heirs, executors, administrators, successors and permitted assigns, and shall constitute a grant, interest and covenant in and running with the Lands.

8.8 Further Acts:

The parties shall each do and perform such acts and things and execute and deliver all such instruments, documents or writings and give all such further assurances as may be necessary to give full effect to the provisions and the intent of this Lease, including but not limited to registration of notice of this Lease on title to the Lands.

8.9 Planning Act:

This Lease is subject to the provisions of *The Planning Act*, R.S.O. 1990 c.P.13, as amended. If any consent is required it shall be obtained by the Lessee with the consent of the Lessor and until such consent is obtained any term hereof, including any options to renew, shall be read as not exceeding twenty-one (21) years less one (1) day and in the event such consent is not obtained, the Term hereof, including any options to renew, shall not exceed twenty-one (21) years less one (1) day.

8.10 Governing Law:

This Lease shall for all purposes be construed according to the laws of the Province of Ontario and the laws of Canada as applicable therein. Any references herein to specific legislation shall be deemed a reference to amending or successor legislation thereto once same is enacted and in force.

8.11 Personal Information Consent:

By providing personal information to the Lessee, the Lessor consents to the Lessee's collection, use, retention and disclosure of that information for any and all purposes and uses as permitted and contemplated under this Lease and as needed to comply with any legal requirements. Notwithstanding the foregoing, the Lessee agrees that it shall maintain in confidence all personal information pertaining to the Lessor and it shall not publish or otherwise disclose such information except as may be required for the purposes of this Agreement.

8.12 Confidentiality:

The Lessor shall keep confidential all confidential information of a technical or business nature relating to the business of the Lessee, the operation of any Wind Turbine, the terms of this Lease and any Ground Lease, all research data, technical information, trade secrets or other proprietary no-how, processes, plans, equipment, instructions, manuals, records and procedures (unless readily available from public or published information or sources or required to be disclosed by law)("Confidential Information") obtained from or in respect to the business transactions between the Lessor and the Lessee. In the event this Lease is terminated pursuant to the terms herein, all Confidential Information in the possession of the Lessor arising from this Lease or any Ground Lease shall, promptly upon such termination, be returned without duplication and in its original form to the Lessee.

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8.13 Time of Essence:

Time shall be of the essence of this Lease.

IN WITNESS WHEREOF the Lessor has executed this Indenture under his/her/their hand(s) and the Lessee has executed this Indenture under the hand of its proper officer, duly authorized in that behalf, all as of the day and year first above written.

SIGNED, SEALED AND DELIVERED

in the presence of

Witness

)
)
)

Lessor

Witness

)

Lessor

TRANSCANADA ENERGY LTD.

Per: _____

Name:
Title:

Per: _____

Name:
Title:

CONSENT OF SPOUSE

I, _____ being the spouse of the above named _____ (Lessor) do hereby give my consent to the transaction set out in this Lease pursuant to Section 21 (Matrimonial Home) of the *Family Law Act*, R.S.O. 1990 Chap. F3.

Spouse of the Lessor