

Appendix II

Proposed Wastewater Energy Transfer Project (District Energy) between Region of Peel and Enwave Energy for the Lakeview Village Development

**Summary of Key Terms and Conditions**

**The Region of Peel and Enwave Energy Corporation – Wastewater Energy Transfer Agreement (“WETA”) Key Terms and Conditions**

<b>Material Term</b>	<b>Description of Material Term</b>
Purpose of the WETA Principles	Outlines the basic system and provides an overall outline of what the system is and what each parties responsibilities are.
Term of WETA	The term of the WETA shall commence when the WETA is executed by the parties thereto and shall extend for 40 years from the date of the registration of the Plan of Subdivision. Enwave will have a right to renew the term of the WETA for an additional 10-year period at the end of such 40-year period on the same terms and conditions provided that Enwave has provided the Region with notice to exercise such option not less than 5 years prior to the end of such initial term.
In-Service Date	Anticipated date of when the Project will be functioning. The ultimate In-Service date will be determined and correlated to the pace of the development, however and at this time, the anticipated date will be January 1, 2030.
Peel’s System Description	The Peel’s System consists of the infrastructure located within GEB property to the demarcation point. This is inclusive of the construction of the Effluent Distribution Chamber and Facility and the series of underground pipes to facilitate the utilization of effluent from GEB treatment process for thermal energy.
Enwave System Description	The Enwave’s System includes the piping and equipment used in extracting Thermal Energy from GEB, which includes the pipes from the Demarcation Point to the DECEP and the heat exchanges used to extract the Thermal Energy.
Ownership of Peel’s System	The Region will own the Peel’s System upon the In-Service Date, in exchange for nominal consideration and handover from Enwave.
Design of Peel’s System	Enwave shall, at its sole expense, be responsible for the design of Peel’s System. The Region shall have the right to review and approve the Peel’s System design and specifications not to be unreasonably withheld. Project cannot proceed without the Region’s sign off at design milestones.
Design of the Enwave System	Enwave shall, at its sole expense, be responsible for the design of the Enwave System.
Construction of Peel’s System	Enwave is proposing that Enwave be responsible for the selection of the Vendor for overall detailed design and construction for all works related to construction of the Peel System.
Construction of the Enwave System	Enwave shall, at its sole expense, be responsible for the procurement and construction of the Enwave System.
Operation of Peel’s System	The Region, or a Designated Operator, will be responsible for operation of the Peel’s System during the Term. OCWA, via the OCWA’s Management, Operations and Maintenance Agreement, will be responsible for operating Peel’s System. Enwave, at its sole expense, will be responsible for the cost of OCWA to operate the Peel System. Process for determining costs to be resolved during the MOU and WETA development.
Maintenance of Peel’s System	The Region, or a Designated Operator, will be responsible for maintenance of the Peel’s System during the Term. OCWA, via the OCWA’s Management, Operations and Maintenance Agreement, will be responsible for maintaining the Peel System. Enwave, at its sole expense, will be responsible for the cost of OCWA to maintain the Peel System. Enwave will contribute in accordance with O. Reg 588 as part of the Region’s asset management plan including allowances for CPI, details of which to be resolved during the MOU and WETA development.
Operation and Maintenance of the Enwave System	Enwave will solely be responsible for the operation and maintenance of the Enwave System. Enwave will operate and maintain the Enwave System in such a manner as to ensure that it will not have any material adverse effect on the proper management, operations and maintenance of GEB.
Operational Records	Enwave will maintain current and accurate operating records related to the Enwave System and the Peel System and will provide the Region with access to such information.
Access to Peel’s System	Enwave acknowledges that any of its personnel must follow procedures as provided by the Region [or its Designated Operator] in order to access the Peel System on the GE Booth lands. Access will be required to be coordinated with Peel to respect Occupational Health & Safety.

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Operating Parameters of the Peel’s System	The Region will make available to Enwave an uninterrupted flow of Thermal Energy during the Term up to agreed upon final maximum energy demand MWh (calculated based on flow and temperature differential -the “Maximum Demand”). The Maximum Demand will be defined via a Schedule in the Wastewater Energy Transfer Agreement and the usage of the effluent will be subject to change based on the pace of growth of the development, and finalized, and as agreed to by both parties once the design has been completed.
GEB Priority	Enwave acknowledges and agrees that the Region’s proper management, operation, and maintenance of the GEB takes priority over the supply and quality of effluent to the Enwave System.
Technical Committee	Enwave and Region shall create a technical management committee that shall be comprised of at least [2] representatives from each party. The Technical Committee shall review all technical and operational matters. The Technical Committee shall unanimously resolve any technical or operational disputes or disagreements arising therefrom.
Management Committee	Enwave and Region shall create a management committee that shall be comprised of at least [1] representative from each party. Management Committee shall meet on an annual basis to review the Agreement and address any issues from either party.
Thermal Energy Fee	Subject to the final Wastewater Energy Transfer Agreement, commencing on the In-Service Date, Enwave agrees to pay the Region a fixed fee for every MWh (\$/MWh) of Thermal Energy used (the “Thermal Energy Fee”). The Thermal Energy Fee will escalate annually by the greater of: (i) an applicable cost index (i.e. – Consumer Price Index) or (ii) regulated carbon tax increases. The usage of the effluent will be subject to the pace of growth of the development and finalized once the design has been completed.
Other Costs	For clarity, each Party is responsible for its own costs related to the administration, creation, negotiation, and ultimate settlement of the WETA. Each party shall also be responsible for its own costs of participation on the Management Committee and Technical Committee.
Metering and Invoicing	Enwave and the Region to agree on the selection of metering and invoicing parameters which will act as the role of billing meters and shall be calibrated yearly.
Ability to Terminate by Enwave	Enwave may choose to terminate the Agreement on the basis of the development not proceeding by giving the Region at least 24 months prior written notice to the In-Service Date. The Parties agree that in the event of a termination, Enwave has no obligation to deliver to the Region the Peel System, and the Region has no obligation to continue to hold the Maximum Demand in reserve for Enwave. Enwave agrees to compensate the Region for all costs incurred by the Region from the milestone of when Lakeview Village Development Partners brought Enwave into the Project.
Early Termination	The Agreement shall terminate on the expiry of the Initial Term or Renewal Term, unless terminated early due to the following: <ul style="list-style-type: none"> <li>• The City License with City of Mississauga terminates;</li> <li>• Material default by either Party for which appropriate notice was given, and default was not cured within the required period.</li> </ul>
GHG Emissions and Associated Credits	The Region shall be entitled to 50% of the associated GHG emission credits resulting from use by Enwave of the Thermal Energy within the Lakeview Village Development, whether administrative in nature or if applicable under the carbon pricing regime applicable in Ontario at that current time. The value of the credits may be amended over time subject to applicable regulation.
Grants and Funding	The Parties shall work together in good faith to identify opportunities to pursue third-party funding for Peel’ System and/or the Enwave System.
Future Relocation of Peel System	In the event that the Peel System requires relocation due to conflicts between District Energy infrastructure and any infrastructure related to the operation or expansion of the G.E. Booth Facility, the Region and Enwave will agree on a cost share percentage and shall be resolved during MOU and WETA development.

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Changes to the Enwave System	<p>Enwave shall not, at any time during the term, without prior written consent of the Region:</p> <ul style="list-style-type: none"> <li>a) modify or replace the connection(s) from the Enwave System to the Peel System; and/or</li> <li>b) make any changes to the Enwave System or the operation and maintenance thereof that would:               <ul style="list-style-type: none"> <li>a. materially affect the connection(s) from the Enwave System to the Peel System; or</li> <li>b. materially change the amount of the thermal energy extracted from the Peel System above the Maximum Demand; or</li> <li>c. materially change the volume, rate or quality of the water circulating through the Region’s side of the heat exchangers from the Enwave System beyond expected fluctuations as part of normal operations and maintenance of the Enwave System</li> <li>d. expand the Enwave DE system beyond the Lakeview Village Development without permission from Peel</li> </ul> </li> </ul>
5-Year Review	<p>Within 12 months of the 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 20<sup>th</sup>, 25<sup>th</sup>, 30<sup>th</sup>, and 35<sup>th</sup> anniversary of the Commencement Date, either Party can request a review of the Agreement and suggest amendment(s) to certain terms of the Agreement.</p>
Change in Law	<p>Enwave and the Region agree that any change in law and/or regulatory may impact the Agreement terms. The changes to the agreement terms will be addressed by the Management Committee.</p>
Indemnities	<p>Specifics related to Indemnities shall be resolved during MOU and WETA development. The Region will receive indemnification for the operation and maintenance of the Enwave System for situations beyond the control of, and without the fault of, Peel, its contractors and those for whom it is responsible at law.</p>
Insurance	<p>Each party will obtain and maintain customary insurance.</p>
Environmental Indemnities	<p>Enwave and the Region will comply with Environmental Laws in its installation and operation of the Enwave and Peel System. Specifics related to Environmental Indemnities shall be resolved during MOU and WETA development</p>
Freedom of Information Act	<p>The Region is bound to adhere to Freedom of Information Act requirements and records management and as such any information associated with the MOU, WETA and records shall also be bound to the requirements of the Freedom of Information Act.</p>
Confidentiality	<p>Confidentiality clause to be included in final documents with wording suitable to both parties.</p>