



Transaction Confirmation
Niagara Mohawk Power Corporation d/b/a National Grid

TRANSACTION CONFIRMATION

	Date: October 1, 2015 Transaction Confirmation #: _____
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This Transaction Confirmation was awarded pursuant to National Grid's Request for Proposal for Asset Management Arrangements dated August 25, 2015, which is incorporated into and made a part hereof. This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated October 1, 2012. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:

Emera Energy Services, Inc.
1223 Lower Water Street
Halifax, Nova Scotia B3J 3S8 Canada
Attn: Gas Trading
Phone:
Fax:
Transporters: Union Gas Limited ("Union"), TransCanada
 Pipelines Limited ("TransCanada")
Transporters Contract Number:
Trader: Ian Johnston

BUYER:

Niagara Mohawk Power Corporation d/b/a National Grid
100 East Old County Road
Hicksville, New York 11801
Attn: Contract Administration
Phone: (516) 545-6068
Fax: (516) 545-5466
Transporters: Union Gas Limited ("Union"), TransCanada
 Pipelines Limited ("TransCanada")
Transporters Contract Number: M12186, 42385
Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2015 End: October 31, 2016

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada and Iroquois Gas Transmission System at Waddington, NY.

Special Conditions:

A. Definitions

"Assets" means the Agreements summarized as follows:

Pipeline & Contract	Quantity DU/day	Receipt Point	Delivery Point
Union M12186	52,247	Dawn	Parkway
TransCanada 42385	51,596	Parkway	Waddington

"Canadian Affiliate" shall mean Emera Energy Incorporated.

"CFTC" shall mean the Commodities Futures Trading Commission.

"Credit Support Provider" means Emera Incorporated.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

B. Gas Service and Capacity Assignment

1. **Assignment of Assets:** During the Term, Buyer will assign, on a pre-arranged, non-biddable basis, the Assets to Seller's Canadian Affiliate. Seller (or its Canadian Affiliate) shall initially pay the demand charges to TransCanada and Union and Buyer shall reimburse Seller for such charges. Buyer shall reimburse Seller for demand charges in U.S. dollars using the Bank of Canada's monthly Average of Exchange Rates for the production month. The reimbursement is subject to the netting provision under Section 7.7 of the Base Contract.
2. **Gas Supply Requirements:** Subject to Gas Supply Requirements described herein, Seller (or its Canadian Affiliate) shall have the right to optimize the assigned capacity for its own account. Seller shall communicate to Buyer any upstream changes to supplies called on pursuant to this section no later than 11:30 AM prevailing Eastern Time on the Day prior to the Day of Gas flow. Acceptance of changes to firm Base-Load supplies communicated by Seller or Buyer after 11:30 AM prevailing East Standard Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion. Consistent with the terms of the Transaction Confirmation and the deliverability of the Assets, Buyer may nominate and Seller must supply those supplies unaccounted for after the 11:30 AM prevailing Eastern Time on the Day prior to the Day of Gas flow deadline from the Assets assigned to Seller by Buyer.

Buyer's Gas Supply Requirements are summarized as follows:

Delivery Period	Base-Load Quantity (dt/day)	Daily Call Quantity (dt/day)	Total Quantity (dt/day)
Nov 2015	20,000	20,000	40,000
Dec 2015	22,000	29,596	51,596
Jan 2016	27,000	24,596	51,596
Feb 2016	27,000	24,596	51,596
Mar 2016	22,000	29,596	51,596
Apr 2016	15,000	20,000	35,000
May 2016	10,000	15,000	25,000
Jun 2016	6,500	12,500	19,000
Jul 2016	5,000	10,000	15,000
Aug 2016	5,000	10,000	15,000
Sep 2016	9,000	10,000	19,000
Oct 2016	11,000	14,000	25,000

A. Base-Load Quantities: Each Day during the applicable Delivery Period, Seller shall deliver the Base-Load Quantity specified in the table above at the Delivery Point. Buyer shall have the right, at least 4 Business Days prior to the start of each monthly Delivery Period, to designate some or all of the Daily Call Quantity as Base-Load, to be priced according to the Base-Load pricing methodology established below.

B. Daily Call Quantities: During the applicable Delivery Period, Seller shall deliver, at the Delivery Point, the quantity requested by Buyer, up to the specified Daily Call Quantity in the table above. The maximum Daily Call Quantity shall be adjusted downward, if necessary, to account for fuel retention impacting the deliverability of the Assets. Buyer shall make all nominations for delivery of Daily Call Quantities prior to 9:30 AM prevailing Eastern Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday).

3. **Termination Right:** If there has occurred either three consecutive Failure Days or five total Failure Days during the Term, then in addition to any other remedies available to Buyer under the Base Contract, Buyer shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Assets by designating an Early Termination Date under Section 10.3 of the Base Contract. A "Failure Day" means a Day on which Seller has failed to deliver an amount equal to or greater than 96% of the Contract Quantity to be delivered on such Day, which failure is not excused because of Buyer's non-performance or by Force Majeure.

C. Price

- A. **Base-Load Quantities:** The Price for Gas purchased pursuant to B.2(A) shall be equal to the price posted as the "Index" for Upper Midwest, "Dawn, Ontario" as published in Platts Inside FERC for the month of delivery, plus imputed variable costs (including fuel) to transport Gas from Dawn to the Delivery Point.
- B. **Daily Call Quantities:** The Price for Gas purchased pursuant to B.2(B) shall be equal to Platts Gas Daily Daily Price Survey, Midpoint for day of flow, Dawn, Ontario, plus imputed variable costs (including fuel) to transport such quantity from Dawn to the Delivery Point.

D. Asset Management Fee

Subject to the delivery obligations set forth above, Seller (or its Canadian Affiliate) shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of ████████ per Month, which payment will be subject to netting under Section 7.7 of the Base Contract.

E. Credit Provisions

Independent Amount. In the event Seller (or its Credit Support Provider) (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated, in a commercially reasonable manner, as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set at the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement" for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller (or its Credit Support Provider) has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred and is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0), provided, however, that this will not preclude Seller from being able to request Adequate Assurance to the extent it has Grounds to do so under Section 10.1 of the Base Contract, and furthermore, that in the event of an increase in Seller's credit exposure to Buyer to a level in excess of Seller's normal credit practices and policies, Seller also has the right to accelerated payment by Buyer of amounts accrued for volumes of Gas purchased by Buyer hereunder.

"Exposure" means the amount, if any, that would be payable by Seller to Buyer if this Transaction Confirmation were terminated and shall be calculated as the net sum of:

- (i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
- (ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
- (iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation, calculated in a commercially reasonable manner; reduced by
- (iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

F. Import/Export Reporting

Any import/export reporting requirements applicable to the quantities of natural gas delivered to Buyer hereunder, whether of the National Energy Board, the U.S. Department of Energy Office of Fossil Energy, the U.S. Customs Service, or any other regulatory body having jurisdiction over the volumes, are the responsibility of Asset Manager.

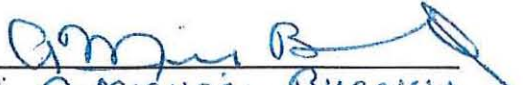
G. Changes in Law

If the FERC, CFTC, or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

I. Trade Option

For the purpose of 17 CFR 32.3, each Party represents that it is a producer, processor or commercial user of, or a merchant handling the commodity or commodities which are the subject of any commodity option transactions entered into hereunder, or the products or by-products thereof, and is offering (or being offered, as the case may be) or entering into such transactions solely for purposes related to its business as such. The Parties confirm their intention that any such commodity option transactions be physically settled, such that if exercised, they result in the sale of an exempt commodity for either immediate or deferred shipment or delivery.

Seller: Emera Energy Services, Inc.

By: 
Name: D. MICHAEL BURNELL
Title: PRESIDENT
Date: 10/8/15

Buyer: Niagara Mohawk Power Corporation d/b/a National Grid

By: _____
Name: John V. Vaughn
Title: Authorized Signatory
Date:


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For the purpose of 17 CFR 32.3, each Party represents that it is a producer, processor or commercial user of, or a merchant handling the commodity or commodities which are the subject of any commodity option transactions entered into hereunder, or the products or by-products thereof, and is offering (or being offered, as the case may be) or entering into such transactions solely for purposes related to its business as such. The Parties confirm their intention that any such commodity option transactions be physically settled, such that if exercised, they result in the sale of an exempt commodity for either immediate or deferred shipment or delivery.

Seller: Emera Energy Services, Inc.

Buyer: Niagara Mohawk Power Corporation d/b/a National Grid

By: _____
Name:
Title:
Date:

By: 
Name: John V. Vaughn
Title: Authorized Signatory
Date: 10/15/2015

CR
JA