

## STABILITY AGREEMENT

THIS STABILITY AGREEMENT is made effective the 17th day of December, 2012 (the "Effective Date")

**BETWEEN:** EMERA INC., a company incorporated under the laws of Nova Scotia

("Emera")

-and-

HER MAJESTY IN RIGHT OF NOVA SCOTIA, as represented by the Minister of Energy

("NS")

### WHEREAS:

- A. Emera and Nalcor Energy ("Nalcor") entered into a term sheet dated 18 November 2010 (the "Initial Term Sheet") confirming their common understanding of the purpose, process and timing for the supply and delivery of power and energy from the Province of Newfoundland and Labrador to the Province of Nova Scotia, other Canadian provinces and New England;
- B. Emera and Nalcor entered into the Formal Agreements contemplated by the Initial Term Sheet on 31 July 2012;
- C. Emera, Nalcor, Her Majesty in Right of Nova Scotia, Her Majesty in Right of Newfoundland and Labrador and Her Majesty in Right of Canada ("Canada") entered into an Agreement Providing Key Terms and Conditions for the Federal Loan Guarantee by the Government of Canada for the Debt Financing of the Lower Churchill River Projects dated 30 November 2012 (the "FLG Agreement")
- D. Emera and Nalcor now wish to Sanction the Maritime Link and have entered into a Sanction Agreement effective 17 December 2012 (the "Sanction Agreement")

NOW THEREFORE this Stability Agreement witnesses that in consideration of the mutual covenants and agreements contained in this Agreement, Emera and NS agree as follows:

### 1. DEFINITIONS

For the purpose of this Agreement:

"Agreement" means this Stability Agreement, as amended, modified, supplemented, replaced or restated from time to time;

"Financial Close" has the meaning as assigned to it in the FLG Agreement;

"Government Action of General Application" means a non-discriminatory measure or series of measures of general application that are designed and applied to protect legitimate public welfare objectives, such as health, safety and the environment; such measures include an action under current or future legislation;

"ML-JDA" means the Maritime Link - Joint Development Agreement between Emera and Nalcor executed on 31 July 2012, including all Schedules, as amended, modified, supplemented, replaced or restated from time to time;

"NS Crown" means Her Majesty in Right of Nova Scotia;

"Maritime Link Project" means the Maritime Link Project as that is defined in the *Maritime Link Act*, S.N.S. 2012, c. 9;

"Regulatory Change" means any measure or series of measures of any nature or kind, taken directly or indirectly by the NS Crown that results in a substantial change to the legislative and regulatory framework applicable to the Maritime Link Project;

Regulatory Change shall not include a measure or series of measures taken by the NS Crown that are:

- (i) consented to in writing by Emera;
- (ii) a UARB Decision; or
- (iii) a Government Action of General Application;

Capitalized terms used but not otherwise defined herein shall have the respective meanings assigned to them in the ML-JDA.

## 2. STABILITY

- (1) NS seeks a stable regulatory regime for the Maritime Link Project until the Utility and Review Board has had an opportunity to complete its review of the Maritime Link Project and will indemnify and save harmless Emera from any costs, expenses, losses, damages, claims, obligations or liabilities, of any kind whatsoever, directly or indirectly arising from any Regulatory Change that results, or will result, in Emera being prevented from recovering Maritime Link Project costs ("Regulatory Change Claims").
- (2) Notwithstanding (1), this Agreement shall expire, and the liability of NS under this Agreement shall terminate and come to an end, on Financial Close. For greater certainty, the expiration of this Agreement and termination of liability of NS shall not apply to any Regulatory Change occurring before Financial Close.

- (3) If Emera becomes aware of any Regulatory Change Claim which may result in any liability to NS, Emera shall notify NS of the Regulatory Change Claim in accordance with section 5 of this Agreement (a "Claim Notice") no later than 60 days from the date that Emera becomes aware of the Regulatory Change Claim.
- (4) Following receipt of a Claim Notice, NS shall have 20 Business Days (the "Notice Period") (i) to investigate the Regulatory Change Claim and (ii) if applicable, to cure the matter giving rise to the Regulatory Change Claim. For the purposes of such investigation, Emera shall make available to NS the information relied upon by Emera to substantiate the Regulatory Change Claim together with all such other information as NS may reasonably request. If the matter giving rise to the Regulatory Change Claim is capable of being cured and NS is taking all reasonable steps to diligently pursue such cure, the Notice Period shall be extended by such period of time as is reasonable and as is agreed to by Emera to cure such matter but in no event shall such extension be for a period of time extending beyond the close of the next regular sitting of the Nova Scotia House of Assembly.
- (5) If the matter giving rise to the Regulatory Change Claim is not fully cured with the Notice Period (as it may be extended), NS shall, within 21 days, pay to Emera, or expressly agree with Emera to be responsible for, the full agreed amount of the Regulatory Change Claim, failing which the matter will constitute a dispute to be resolved through judicial process or as the parties may otherwise agree.

### 3. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed and interpreted in accordance with the laws of Nova Scotia and the federal laws of Canada applicable therein. Emera and NS irrevocably consent and submit to the jurisdiction of the courts of Nova Scotia, subject to any right of appeal. Emera and NS each waives any objection that it may now or at any time have to the determination of venue of any proceeding in such courts relating to this Agreement or that it may now or at any time have that such courts are an inconvenient forum.

### 4. NOTICE

Notices, where required herein, shall be in writing and sufficiently given if delivered personally or by courier or sent by electronic mail or facsimile transmission, directed as follows:

To Emera:

Emera Inc.  
1223 Lower Water Street  
Halifax, NS B3J 3S8  
Attention: Corporate Secretary  
Fax: (902) 428-6112

With a copy to:

ENL Maritime Link Incorporated  
9 Austin Street  
St. John's, NL A1B 4C1  
Attention: President  
Fax: (709) 722-2083

To NS:

Nova Scotia Department of Energy  
5151 George Street, Suite 400  
PO Box 2664  
Halifax, NS B3J 3P7  
Attention: Deputy Minister  
Fax: (902) 424-3265

Such notice shall (i) if delivered personally or by courier, be deemed to have been given or made on the day of delivery, and (ii) if sent by electronic mail or facsimile transmission and confirmed by a copy immediately sent by courier, be deemed to have been given or made on the day it was successfully transmitted by electronic mail or facsimile transmission as evidenced by automatic confirmation of receipt, provided however that if in any case such day is not a Business Day or if the notice is received after Regular Business Hours (time and place of receipt), the notice shall be deemed to have been given or made on the next Business Day. Either party may change its address or fax number hereunder from time to time by giving notice of such change to the other party.

#### 5. COUNTERPARTS

This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Signatures delivered by facsimile or other electronic means shall be deemed for all purposes to be original counterparts of this Agreement.

#### 6. CONFIDENTIALITY

Subject to applicable laws, all confidential records, material and information disclosed by one party to the other pursuant to this Agreement shall remain the exclusive property of the disclosing party and the receiving party shall not divulge such confidential material to any person except with the prior written consent of the disclosing party.

#### 7. ANNOUNCEMENTS

No announcement with respect to this Agreement shall be made by either party without the prior approval of the other party. The foregoing shall not apply to any announcement by a party required in order to comply with law; provided that such party consults with the other party before making any such announcement and gives due consideration to the views of

the other party with respect thereto. Both parties shall use reasonable efforts to agree on the text of any proposed announcement.

#### **8. RELATIONSHIP OF PARTIES**

Emera and NS disclaim any intention to create by this Agreement any partnership, joint venture, association, trust or fiduciary relationship between them.

#### **9. ASSIGNMENT**

Emera shall be entitled to assign all or part of its rights under this Agreement to a third party together with all or part its interest in the Maritime Link Project. NS shall not be entitled to assign all or part of this Agreement provided that, for greater certainty, this restriction on assignment does not affect the assignment rights of NS under any other agreement.

#### **10. FURTHER ASSURANCES**

Each of Emera and NS shall, from time to time, do all such acts and things and execute and deliver, from time to time, all such further documents and assurances as may be reasonably necessary to carry out and give effect to the terms of this Agreement.

#### **11. SEVERABILITY**

If any provision or part of any provision of this Agreement is determined by a court of competent jurisdiction to be wholly or partially illegal, invalid, void, voidable or unenforceable in any jurisdiction for any reason, such illegality, invalidity or unenforceability shall not affect the legality, validity and enforceability of the remainder of this Agreement. If any provision or part of any provision is so determined to be wholly or partially illegal, invalid, void, voidable or unenforceable for any reason, Emera and NS shall negotiate in good faith a new legal, valid and enforceable provision to replace the illegal, invalid or unenforceable provision, which, as nearly as practically possible, has the same effect as the illegal, invalid or unenforceable provision.

#### **12. TIME OF THE ESSENCE**

Time shall be of the essence for this Agreement.

#### **13. AMENDMENTS**

No amendment or modification to this Agreement shall be effective unless it is in writing and signed by both Emera and NS.

#### **14. NO WAIVER**

Any failure or delay by Emera to enforce any of the provisions of this Agreement or to require compliance with any of its terms from time to time shall not affect the validity of this

Agreement or any part of it, and shall not be deemed a waiver of the right of Emera to enforce any and each such provision.

**15. SURVIVAL**

All provisions of this Agreement that expressly or by their nature are intended to survive the termination (however caused) of this Agreement, including covenants, warranties, guarantees, releases and indemnities, continue as valid and enforceable rights and obligations (as the case may be) of the parties, notwithstanding any such termination, until they are satisfied in full or by their nature expire.

**16. SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon and enure to the benefit of Emera, its successors and assigns, and NS. NS shall not be entitled to assign this Agreement or its rights or obligations under this Agreement without the prior written consent of Emera.


IN WITNESS WHEREOF, Emera and NS have executed this Indemnity Agreement in accordance with their respective rules and regulations.

EMERA INC.

Per:   
Name:  
Title:

Per:   
Name:  
Title:

HER MAJESTY IN RIGHT OF NOVA SCOTIA, AS  
REPRESENTED BY THE MINISTER OF ENERGY

Per:   
Name: Hon. Charlie Parker  
Title: Minister of Energy