

Needs For and Alternatives To

APPENDIX 6.1

**Summary of Terms and Conditions of
Export Contracts**

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Summary of Terms and Conditions of Export Contracts

MP 250

A 250 megawatt (MW) System Power Sale was signed with Minnesota Power (MP) on May 19, 2011. The contract is for a fifteen year term starting June 1, 2020 to May 31, 2035. The sale can be deferred by Manitoba Hydro for up to two years due to delays in the commencement of construction of the Keeyask Generating Station or associated transmission facilities. Manitoba Hydro's capacity obligation is to provide 250 MW of Use Limited Capacity (requires Manitoba Hydro to offer 250 MW of energy during the four hour expected peak load in MISO on all days) during the contract term ("Must Offer Energy"). Manitoba Hydro's energy obligation is to provide 250 MW of 7x16 energy with the ability to reduce the energy obligation to a 5x16 during periods of adverse water conditions. However Manitoba Hydro would continue to be obligated to offer 250 MW of Must Offer Energy during the weekend days to support the Use Limited Capacity.

Manitoba Hydro is to transfer the environmental attributes for supplied energy (all energy that was supplied and sold by Manitoba Hydro, excludes energy that was supplied from the market or was curtailed) determined by Manitoba Hydro.

Key conditions precedents in the agreement are that Manitoba Hydro has commenced construction of the Keeyask Generating Station (G.S.) cofferdam and transmission facilities required for the output of the Keeyask G.S. by June 1, 2016.

MINNESOTA POWER ENERGY EXCHANGE

The MP Energy Exchange Agreement was signed on May 19, 2011. The contract is for a fifteen year term starting June 1, 2020 to May 31, 2035 to mirror the term of the MP 250 MW System

Power Sale Agreement. Manitoba Hydro does not sell or purchase any capacity under the agreement, rather the contract provides Manitoba Hydro with firm transmission service to import up to 250 MWs in any given hour throughout the contract term from MP and/or the (Midwest Independent Transmission System Operator, Inc.) MISO market. Manitoba Hydro is obligated under the Agreement to request a minimum of 3,750,000 MWhs during the contract term (MP's Energy) through day-ahead energy bids in the MISO day-ahead market. However, the actual quantity of MP's Energy purchased and paid for by Manitoba Hydro will be determined based on Manitoba Hydro's energy bids that clear the MISO day-ahead market. Manitoba Hydro has the sole discretion to set the bid price for MP's Energy.

The contract contains a "wind storage" feature whereby MP can elect to financially store up to 250,000 megawatt-hour (MWh) of wind in Manitoba each contract year.

NSP 125

A 125 MW System Power Sale was signed with NSP on May 27, 2010. The contract is for a four year term starting May 1, 2021 to April 30, 2025. Manitoba Hydro's capacity obligation is to provide 125 MW of Use Limited Capacity that requires Manitoba Hydro to offer 125 MW of energy during the four hour expected peak load in MISO on all days for each contract year ("Must Offer Energy"). Manitoba Hydro's energy obligation is to provide 125 MW of 5x16 energy in the summer season (May 1 to October 31) and 125 MW of 5x12 energy in the winter season (November 1 to April 30). In addition to fixed priced energy, Manitoba Hydro has the right to offer additional energy on a day-ahead basis.

Manitoba Hydro has the right to reduce the winter season energy obligation in increments of 50 MW's (25 MW for the last remaining obligation) during adverse water conditions. However the obligation to offer the Must Offer Energy still remains during the winter season.

Manitoba Hydro is required to allocate and transfer the environmental attributes for supplied energy to NSP.

The sale includes the condition precedent that Manitoba Hydro awards on or before May 1, 2018 the major general civil contract for the construction of a new hydraulic generating facility that has an installed capacity of at least 1,000 MW and will have a targeted in-service date of on or before May, 2021.

WPS 100 (Products A and B)

A 100 MW System Power Sale was signed with Wisconsin Public Service (WPS) on May 19, 2011. The contract covers the period June 1, 2021 to May 31, 2029. The existing WPS 108 MW Energy Sale Agreement which covers the period of June 1, 2012 to May 31, 2023 will terminate on the earlier of May 31, 2023 or the date which this 100 MW System Power Sale commences.

Manitoba Hydro's capacity and energy sale obligations under the contract are separated into Product A and Product B. Product A covers sales during the time period from June 1, 2021 to May 31, 2025 with Manitoba Hydro having the right to extend the Product A time period to May 31, 2027 (assumed for forecasting purposes). During the Product A time period, Manitoba Hydro's obligations are to (i) provide 100 MW of Use Limited Capacity that requires Manitoba Hydro to offer 100 MW of energy during the four hour expected peak load in MISO on all days ("Must Offer Energy"), (ii) 100 MWh of 5x16 energy (Weekday Energy) and (iii) 100 MWh of

2x16 energy (Weekend Energy). Product B covers sales during the time period from the end of Product A time period to May 31, 2029. Manitoba Hydro has no capacity obligation during this period but is obligated to offer energy on an annual basis through the MISO day-ahead market process. In the Product A and B time periods, Manitoba Hydro has the right to offer additional energy on a day-ahead basis.

WPS (System Participation and Surplus Energy Sales)

Manitoba Hydro is not able to offer further comment on these negotiations as the negotiations are on-going at this time.