

**EXHIBIT 17**

**JOINT COST SAVINGS INITIATIVE FOR CIVIL WORKS**

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## 1. General

The Parties agree to work in a collaborative fashion to reduce the overall cost of the civil work, and leverage the respective experience of each Party. This approach is further defined herein.

Contractor has priced civil works at the rates, prices and quantities, set forth below (the "Civil Works Baseline"). The cost of the Civil Works Baseline described below and further described in the following Technical Specifications documents has been excluded from the Contract Price:

- "ac Substations - Scope of Work",
- "ac Substations – General Technical Requirements"
- "ac Substations - Civil Works Specification – Technical Specification"
- "ac Substations Buildings – Technical Specification"
- "ac Substations Buildings – Fire Detection and Protection System Technical Specification"
- "ac Substations Buildings – Heating, Ventilation and Air Conditioning (HVAC) Technical Specification"

Contractor's price reflects a reduced profit and overhead margin associated for civil works of 10% from 24.25% and this reduction is reflected in the Price Schedule in Exhibit 2 - Compensation.

The Parties agree that certain efficiencies and cost savings may be gained in the procurement of Civil Works Baseline. Company shall provide its market knowledge to Contractor commencing from the process of selection of the substation Civil Work Contractor (the "CWC") and, as required, during project execution in a joint effort of securing the most efficient and cost effective civil works contractors. The CWCs are also included within the meaning of the Company's Other Contractors.

Contractor shall retain the overall responsibility for the design and execution of the Civil Works Baseline in accordance with the Agreement.

Company shall be responsible only for the issuance of the Civil Works contracts in Company's name, change orders and payment of approved CWCs' invoices. The CWC shall submit their invoices for the performance of their work to Contractor. Contractor shall review the invoice and supporting documentation within the earlier of 10 Business days or within the time specified in the contracts with the CWC, and Contractor shall certify the amount payable by Company to the CWC based on progress and compliance with the requirements of the Civil Works contracts.

## 2. Obligations of the Parties

### 2.1 Cooperation

Company and Contractor shall jointly and cooperatively review the Technical Specifications to

ascertain the type and quantity of services required for the implementation of the Civil Works.

As it may be needed, Company shall provide or assist Contractor or CWC in obtaining all necessary permits and environmental approvals that will allow CWC unrestricted access to quarries required to execute their scope of work.

## 2.2 Contractor's Design Obligations

Contractor shall provide and be responsible for the complete design and engineering for the ac Substations, including Civil Works as outlined in Section 1.

## 2.3 Form of Requests for Proposals for Civil Works at Substations

The Parties shall agree on the form of request for proposal ("RFP") to be issued to potential contractors for the Civil Works Baseline. The form of agreement included with the RFP shall be in Company's standard form, with any necessary modifications as required by the Parties, which shall include the following documents:

- (a) Articles of agreement
- (b) Exhibit 1 – Scope of Work
- (c) Exhibit 2 – Compensation
- (d) Exhibit 3 – Coordination Procedures
- (e) Exhibit 4 – Supplier Document Requirements List
- (f) Exhibit 5 – Health and Safety Requirements
- (g) Exhibit 6 – Environment and Regulatory Compliance Requirements
- (h) Exhibit 7 – Quality Requirements
- (i) Exhibit 8 – Subcontractors, Manufacturers, and Material Sources
- (j) Exhibit 9 – Schedule
- (k) Exhibit 10 – Declaration of Residency
- (l) Exhibit 11 – Company Supplied Documents
- (m) Exhibit 12 – Worksite Conditions
- (n) Exhibit 13 – Provincial Benefits
- (o) Exhibit 14 – Performance Security

Contractor shall issue the agreed RFPs to all potential contractors including any that Company may propose.

## 2.4 Evaluation and Award of Civil Works Contracts for ac Substations

Upon receipt of proposals from bidders in response to the RFP for the Civil Works Baseline, the Parties shall jointly evaluate such proposals and jointly come to an agreement as to which bidder(s) shall be selected as CWC.

The Parties shall agree on the preferred bidder for each Civil Works contract for the Substations and Contractor shall negotiate, with input from Company, the final form of the Civil Works

contract with the preferred bidder.

All Civil Works contracts for the Substations shall be reviewed by both Parties prior to signing.

Company shall require CWC to provide performance security in the form and at the value determined by Company. Company shall require a minimum of 10% of the Substation contract price as performance security and 10% of the Substation contract price in some form as financial and/or lien holdback. Company shall consult with Contractor to obtain input on level of financial security for any amount in excess of the minimum values. If performance bonds are secured, Contractor shall be a dual obligee on the bond. If other forms of performance security are chosen, Contractor will be added as beneficiary.

## **2.5 Company Obligations on Award of Civil Works Contracts for Substations**

Company shall enter into each Civil Works contract for the Substations in Company's name in a timely manner and in complete accordance with any quantities agreed by the Parties during the evaluation of proposals in accordance with Section 2.4 above.

Company shall be solely responsible for the payment of such CWC (subject to Company's right of reimbursement from Contractor for non-Company initiated changes) and bear the sole risk and responsibility for the removal of any liens placed upon Company's property by such Substation contractors.

Company shall support Contractor in the management of any agreements with the construction trade unions.

## **2.6 Contractor Obligations on Award of Civil Works Contracts for Substations**

Contractor shall retain the overall responsibility for the execution of the Civil Works in accordance with the Agreement, including cost, schedule and quality control risks during construction. Contractor shall be responsible for the acts, omissions and negligence of any CWC and any of their respective personnel as fully as if they were the acts, omissions and negligence of Contractor's own personnel.

Contractor shall coordinate, manage and supervise all construction activities by CWC for the performance of the Civil Works Baseline. Contractor shall keep such records and accounts and furnish such reports and information relative to the execution of the Civil Works Baseline as Company may reasonably request in accordance with the terms of the Agreement.

Contractor shall ensure that the construction performed by the CWC shall be in compliance with:

- (a) Contractor's engineering and design, including any specifications and drawings issued by Contractor for the Civil Works Baseline;
- (b) the standards for environmental and health and safety requirements set out in this Agreement and in the Civil Works contracts; and

- (c) the technical and quality requirements of this Agreement.

### 3. Cost Savings Sharing

#### 3.1 Determination of Cost and Savings

Costs and savings relating to civil works for the Substations shall be determined in the following manner (see Schedule 1 to this Exhibit for examples of calculations):

- (a) Where the total price of the Civil Works Baseline based on contract award prices is less than the price set forth in Section 3.4 of this Exhibit (Civil Work Baseline dollar amount for the work as described in Section 4, and exclusive of the activities described in Section 5 as well as Contractor's overhead and profit), the Parties shall share such savings equally (i.e. at fifty percent (50%) of savings each).
- (b) Where the total price of the Civil Works Baseline based on contract award prices exceeds the price set forth in Section 3.4 of this Exhibit (Civil Work Baseline dollar amount for the work as described in Section 4, and exclusive of the activities described in Section 5 as well as Contractor's overhead and profit), as may be amended by a Change Order, Contractor shall reimburse Company for the cost of such overage.
- (c) In the case where Company requires a change to the Civil Works Baseline scope of work prior to award of a Civil Works contract, the Civil Works Baseline dollar amount set forth in Section 3.4 of this Exhibit (Civil Work Baseline dollar amount for the work as described in Section 4, and exclusive of the activities described in Section 5 as well as Contractor's overhead and profit), as may be amended by a Change Order, will be adjusted accordingly.

#### 3.2 Changes after Civil Works Contract Award

Changes to the Civil Works Baseline shall be addressed as follows:

- (a) For a change to the Civil Works Baseline requested by Company:
- i. Company shall issue a change order to the Substation contractor in accordance with the provisions of the Civil Works contract;
  - ii. Company shall issue a Change Order to Contractor as determined in accordance with Article 26 of the Agreement to cover any changes to Contractor's reasonable costs and schedule; and
  - iii. Contractor's mark-up in accordance with Exhibit 2 – Compensation shall be adjusted by the percentage in Section 5(b) (iii) of Exhibit 2 – Compensation for the increase or decrease to the CWC's price as if the Civil Works contract and related change orders had been issued by Contractor.
- (b) If a CWC or Contractor requires a change order to the Civil Works contract to be issued during the performance of the Civil Works for reasons other than changes requested by Company, the Parties shall jointly evaluate the need for the proposed change order. In the event that the Parties agree on the necessity for such change order:
- i. Company shall issue a change order to the CWC;

- ii. Company shall pay for the price of the work performed under such change order; and
  - iii. Company shall issue a Change Order to Contractor for reimbursement by Contractor to Company for the price of the CWC change order.
- (c) If a CWC makes a claim for additional compensation against Company, the Parties shall jointly evaluate the claim and determine factual basis and the merits of the claim. If the Parties determine that the factual basis giving rise to the claim is due to:
- i. any act or omission by Company, then Company shall be solely responsible for defending against and/or resolving the claim;
  - ii. any act or omission of Contractor, then Contractor shall cooperate with Company in defending against and/or resolving the claim and Contractor shall reimburse Company's costs to respond to the claim and any amount paid to the CWC in satisfaction of the claim;
  - iii. a combination of acts or omissions of both Company and Contractor, then the Parties shall cooperate with each other in defending against and/or resolving the claim and each Party shall be responsible for any amount payable to the CWC in satisfaction of the claim in the proportion that the Party's acts or omissions were the cause for the claim (for greater certainty - where Contractor has responsibility for a part of the claim, Contractor shall reimburse Company for that portion of the amount payable to the CWC corresponding to the proportion of Contractor's responsibility).

### 3.3 Savings Calculated on Overall Civil Works Scope

For avoidance of doubt, the savings referenced in Section 3.1 above shall be calculated on the overall Civil Work Baseline and not on an individual Civil Works contract basis.

### 3.4 Civil Works Baseline Dollar Amount

For the purposes of calculating the civil works cost savings the dollar amount for the Civil Works Baseline is CAN\$80,052,846.

## 4. Substation Civil Works Baseline

The following is a summary of work that comprises the Civil Works Baseline dollar amount.

Civil Works Baseline means the following work as detailed in the Agreement:

- management by CWC, personnel costs and related local expenses (including mobilization/demobilization)
- supply and installation of temporary site facilities and utilities for the civil works construction and installation periods for the CWC, the installation Subcontractors, Contractor and Company including site offices, storage, laydown area, construction power and auxiliary power to temporary facilities, security, communication, water and electricity, etc.

- grading of the site above rough grading
- excavation (including disposal of excavated material) and backfill
- all building foundations, walls, slabs, cable access
- complete buildings including all building finishes (including doors, windows, flooring, painting, furniture, embedded conduits for telecom related work, etc.)
- lighting and small power supply and installation in the Substations
- switchyard foundations, including foundations for line-gantry structure
- foundations, oil containment and fire walls, as required, for power transformers free issued from PD0537
- foundations for all other outdoor equipment, as necessary
- cable trenches (supply and installation) and/or cable duct-banks, and subsurface duct systems under service roads, roads, sump pits, sump pumps and road crossings
- exterior perimeter security fences and gates (supply and installation) and outdoor parking areas
- switchyard finished surfacing (including insulating gravel and granular fill) and landscaping
- supply and installation of all HVAC equipment
- roads within the perimeter fence, with crash-barriers to protect the equipment
- grounding grid (excavation and backfill of underground grounding and provision for above-ground grounding of equipment)
- Site drainage systems inside the fenced area and connection to the external drainage system of the fenced area (including drainage ditches)
- Site domestic sewage collection system
- water supply and water distribution, treatment and storage systems for equipment cooling, domestic and other uses (if any)
- outdoor lighting (foundations and poles)
- Supply and installation of fire protection and detection system.

The costs for CWC performance security will be identified during the RFP/selection process and the "Civil Works Baseline" dollar amount will be adjusted accordingly.

#### 5. Substations Civil Work Excluded from Civil Works Baseline

Contractor shall be responsible for all other activities not specifically identified above including the following:

- Contractor management personnel costs and related expenses (including mobilization / demobilization)
- Installation costs (including management) except supply and installation of the temporary utilities and facilities for the installation Subcontractor described in Section 4
- Temporary utilities operating costs for Contractor and the installation Subcontractor
- Supply of all furniture, equipment, materials and tools needed for operation of the temporary facilities for Contractor and its installation Subcontractor.

**SCHEDULE 1**

**JOINT SAVINGS SHARING MECHANISM SCHEDULE (Example on a base 100, MCAD is \$1,000,000.00 CDN)**

<b>Case 1 = no change orders before award to Subcontractors/Suppliers</b>						
	CW Contract baseline Value (MCAD)	PO Value (MCAD)	Total Savings Value at PO placement (MCAD)	Savings Value per party		
				Alstom	LCP	
Purchase order 1	60	50	10	NA	NA	For the purposes of this table, purchase order and contract have the same meaning
Purchase order 2	30	32	-2	NA	NA	
Purchase order 3	10	11	-1	NA	NA	
<b>Total Baseline</b>	<b>100</b>	<b>93</b>	<b>7</b>	<b>3,5</b>	<b>3,5</b>	LCP increases the AG selling price by \$3.5M (saving impact)
<b>Case 2 = there is an approved Contractor change request and/or Company change order before PO placement (CW cost value of the change order is 13)</b>						
	CW Contract baseline Value (MCAD)	PO Value (MCAD)	Total Savings Value at PO placement (MCAD)	Savings Value per party		
				Alstom	LCP	
Purchase order 1	60	50	10			LCP increases the AG selling price of \$3.5M (saving impact) and compensates Alstom for the change order (ie application of the change order clause in Exhibit 2)
Purchase order 2	30	32	-2			
Purchase order 3	10	11	-1			
<b>Total Baseline</b>	<b>100</b>	<b>93</b>	<b>7</b>	<b>3,5</b>	<b>3,5</b>	
Change order impact	13	13	0	0	0	
<b>Revised Baseline</b>	<b>113</b>	<b>106</b>	<b>7</b>	<b>3,5</b>	<b>3,5</b>	
<b>Case 3 = there is a loss and extra cost is not attributable to Company</b>						
	CW Contract baseline Value (MCAD)	PO Value (MCAD)	Total Savings Value at PO placement (MCAD)	Savings Value per party		
				Alstom	LCP	
Purchase order 1	60	45	15			Alstom shall compensate LCP with \$13M to cover increased purchase order values
Purchase order 2	30	50	-20			
Purchase order 3	10	18	-8			
<b>Total Baseline</b>	<b>100</b>	<b>113</b>	<b>-13</b>	<b>-13</b>	<b>0</b>	

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