

## **Memorandum of Understanding**

Between

**Six Nations of the Grand River Development Corporation (“SNGRDC”)**

and

**NRStor Incorporated (“NRStor”)**

**Effective Date: June 13 2018**

### **A. PURPOSE**

The purpose of this Memorandum of Understanding (“MOU”) is to outline the terms of a partnership framework between Six Nations of the Grand River Development Corporation (“SNGRDC”) and NRStor Incorporated (“NRStor”) to jointly develop a 250MW; 1,000MWh Battery Energy Storage System (the “BESS”) at SNGRDC’s Oneida Business Park (the “Site”). SNGRDC and NRStor may each be referred to as a “Party” and together, the “Parties”.

With the growth of renewable energy in Ontario, the shut down of flexible but polluting coal energy and a baseload supply of inflexible nuclear energy, Ontario needs flexible and clean energy resources to help balance supply and demand while keeping costs to ratepayers reasonable. NRStor and SNGRDC share the intention to provide the Independent Electricity System Operator (“IESO”) and the Ontario Government with a clean and flexible asset to help maintain stability on the grid while maximizing renewable energy utilization. There is a shared desire to obtain a 20-year revenue contract from the IESO for the supply of capacity based services from a 250MW; 1,000MWh (4 hour) battery project, which the Parties will jointly develop, build, own and operate.

### **B. BACKGROUND**

- I. SNGRDC manages certain assets and economic interests of Six Nations with the mission to achieve economic self-sufficiency without compromising the values of the Six Nations people. The development activity undertaken by SNGRDC includes the establishment and ongoing management of nation enterprises, partnerships, joint-ventures and strategic investments across the region.
- II. NRStor is a privately held Toronto-based energy storage project developer and owner focused on accelerating the development and construction of industry-leading energy storage technologies. NRStor partners with progressive stakeholders and leading energy storage technologies to build, own and operate commercial projects to deliver better energy storage solutions.
- III. NRStor is contracted with Ontario’s Independent Electricity System Operator (“IESO”) to provide peaking capacity using compressed air energy storage technology and regulation service using flywheel technology. NRStor is also currently developing and constructing over 14 lithium ion battery projects for commercial and industrial customers in Ontario. NRStor currently has over 70MWh of energy storage projects in its portfolio.
- IV. The parties intend to jointly develop, build, own and operate a lithium ion battery project that has a power rating of 250MW with 4 hours of duration or 1,000MWh of energy capacity.
- V. The proposed project will be located at the existing Site managed by SNGRDC, located at the following address:

50 Generations Drive  
Oshweken, ON  
N0A 1M0

### C. PROPOSED DEVELOPMENT PROCESS

The parties will form a partnership to implement the following objectives and steps in the development process as it relates to the BESS:

- I. **Preliminary Sizing Assessment** – examine the Site and building drawings to determine available floor space and generate a rough order of magnitude layout diagram to determine the largest feasible project capable of fitting at the Site.
- II. **Special Purpose Vehicle (SPV)** – establishment of an SPV in the form of an Ontario Limited Partnership (the “Partnership”) and NRStor and SNGRDC intend to be 50:50 LP Unit holders in the Partnership, and each Party will retain a first right to place up to 50% of project equity requirements. If attracting third party equity investors directly into the project, the Parties intend to create value in the form of development fees and/or earned equity stakes in the project, and the Parties will share these values on a 50:50 basis. Additional terms of the Partnership will be outlined in the Limited Partnership Agreement. It is mutually understood that the parties will fund the Partnership as per the Partnership Agreement and the Partnership will incur any project related expenses from that point onwards. The parties intend to establish the Partnership within 2 months of the Effective Date.
- III. **Siting** – the Partnership will enter into a lease with SNGRDC for the estimated term of the construction period plus the expected 20-year operating period.
- IV. **Preliminary Engineering** – develop a preliminary Single Line Diagram (SLD) and layout diagram for the proposed project. The documents will be used to obtain initial equipment quotations and for submission of the connection assessments.
- V. **Preliminary System Impact Assessment (SIA)** – meet with the IESO and HONI to determine the potential capacity and connection configuration and requirements on the transmission system. The parties will submit a formal SIA once the preliminary assessments are complete.
- VI. **Request for Proposals** – draft a Request for Proposals (RFP) document that includes the preliminary engineering documentation and solicit proposals to create a shortlist of tier one energy storage equipment vendors and EPC firms to obtain formal quotations on major project elements including but not limited to: battery cells, racking, HVAC, transformers, inverters, software, conduit and cabling, civil work, electrical works, and high voltage transmission connection.
- VII. **Revenue Contracting** – negotiate and execute a 20-year revenue contract with the IESO or Government for the provision of 250MW of capacity-based energy storage services. The IESO and NRStor have established a number of energy storage contracting precedence agreements that can form the basis for contracting this project.
- VIII. **Community Engagement** – develop a community engagement plan and strategy for communicating information related to the project to the community and other First Nations showing interest in the project.
- IX. **EPC Selection and Contracting** – following the RFP the parties will select an Engineering, Procurement, Construction (EPC) contractor based on an agreed to set of selection criteria. An EPC contract will be negotiated between the Partnership and the EPC for the delivery of the Project. Long term maintenance contracting and staffing plans will also be established.

- X. **Project Financing** – the parties will work together to raise project level debt financing to minimize project equity requirements by the LP unit holders in the Partnership.
- XI. **Connection Agreement Execution** – upon completion of the SIA with the IESO, the Partnership will execute a connection agreement with the IESO.
- XII. **Detailed Engineering** – the chosen EPC will complete the detailed design and engineering for the project resulting in Issued for Construction (IFC) drawings.
- XIII. **Construction** – the equipment will be procured and the project will be constructed.
- XIV. **Commissioning** – the project will undergo a commissioning process.
- XV. **Operations** – a commercial operations team with the appropriate policies and procedures will be put in place to operate the BESS and interface with the IESO.

#### **D. TIMELINE**

The objective of the parties is to complete item *VII. Revenue Contracting* by December 31<sup>st</sup>, 2018, begin item *XIII. Construction* in 2019 and reach item *XV. Operations* by 2020.

#### **E. NRSTOR RESPONSIBILITIES**

NRStor will be responsible for leading all Development Process activities except for *VIII. Community Engagement*. NRStor will track its time spent on Development Process activities, and will be reimbursed by the Partnership at project financial close as a project cost.

#### **F. SNGRDC RESPONSIBILITIES**

SNGRDC will be responsible for leading Proposed Development Process Item *VIII. Community Engagement*, and will play a pivotal role in the establishment of *VII. Revenue Contracting*. SNGRDC will collaborate with NRStor on the other development items. SNGRDC will track its time spent on Development Process activities, and will be reimbursed by the Partnership at project financial close as a project cost.

#### **G. ENGAGEMENT**

SNGRDC and NRStor will continue to engage and advance through the Proposed Development Process. A joint working group will meet in person or by conference call on a biweekly scheduled basis to align and advance these items. Each party will designate one team lead; SNGRDC's lead will be Matt Jamieson, President / CEO; NRStor's lead will be Jason Rioux, VP and Chief Development Officer.

#### **H. EXPENSES**

All costs incurred relating to the work under this MOU will be paid by the party incurring such costs and expenses unless otherwise agreed to in writing in advance by the other parties. Once the Partnership is established the terms of the Partnership Agreement will supersede this MOU.

#### **I. GRANTS**

The parties will apply for Government grant funding to improve the expected project economics and reduce the equity requirement as appropriate. The parties must both agree to apply for the specific grant and will work together to make the necessary submission.

#### **J. CONFIDENTIALITY**

Each Party shall not disclose and not use, without the consent of the other Party to which the information relates, all Non-Public Information (defined below) pertaining to or concerning such other Party and all other information not generally known outside the disclosing Party. However, no Party hereto shall be obliged to keep in confidence or shall incur any liability for disclosure of information which:

- a. is available to the public other than by a breach of the obligations of confidence owed by a Party hereunder;
- b. is required to be disclosed pursuant to applicable law or pursuant to policies or regulations of any regulatory authority having jurisdiction over a Party, provided that such Party has first given written notice to the other Party that it intends to disclose such information;
- c. is required to be disclosed in any arbitration or legal proceeding, provided that such Party has first given written notice to the other Party that it intends to disclose such information; or
- d. has been authorized by the other Party.

“Non-Public Information” includes information known or used by a Party in connection with its business, including, but not limited to, any compilation of information, data, program, code, method, technique or process, information relating to any product, device, equipment or machine, information about or relating to such Party’s customers and markets and marketing plans, present or future information about or relating to such Party’s potential business ventures, financial information of all kinds relating to such Party and such activities thereof, all inventions, ideas, and related material.

#### **K. TERMINATION OF THE AGREEMENT:**

This MOU shall be in effect for 2 years from the Effective Date, unless terminated earlier by agreement of the Parties, or extended by agreement of the Parties.

#### **L. COMPLIANCE WITH LAW:**

The Parties shall comply with the laws of the Province of Ontario, applicable treaties, codes and regulations.

#### **M. NOTICE**

All notices, requests, claims, demands and other communications hereunder shall be in writing. Such notices shall be given (i) by delivery in person; (ii) by email; or (iii) by registered mail. Notices shall be effective upon actual delivery at the following addresses:

SNGDRC:  
Matt Jamieson  
President / CEO  
Six Nations of the Grand River Development Corporation  
2498 Chiefswood Road, P.O. Box 569  
Ohsweken, ON  
N0A 1M0

NRStor:  
Jason Rioux  
VP and Chief Development Officer  
NRStor Incorporated.  
MaRS Centre, Heritage Building  
101 College Street, Suite 345  
Toronto, Ontario M5G 1L7  
416.427.9434  
jrioux@nrstor.com

or to such other address as the receiving Party may from time to time give notice to the other Parties. Rejection or other refusal to accept or the inability to deliver because of a changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

#### **N. SEVERABILITY**

The invalidity or unenforceability of any provision of this Partnership Agreement shall not affect the other provisions, and this Partnership Agreement shall be construed in all respects as if any invalid or unenforceable provision were omitted.

#### **O. SIGNATURES**

Each person executing this Agreement warrants that he/she has the necessary authority to do so on behalf of the respective Party. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute a single agreement.

#### **P. ENTIRE AGREEMENT**

This Partnership Agreement contains all the promises, representations and understandings of the Parties and supersedes any previous understandings, commitments, proposals or agreements, whether oral or written. This Partnership Agreement shall not be altered, changed, or amended except as set forth in a written amendment to this Partnership Agreement and duly executed by the Parties.

The parties have, by their duly authorized representatives, executed this non-binding Memorandum of Understanding as of the Effective Date.

#### **SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION**



Matt Jamieson  
President / CEO

#### **NRSTOR INCORPORATED**



Jason Rioux  
Vice President & Chief Development Officer

