



This is the 1st Affidavit
of Joanne McKenna in this case
and was made on March 28, 2018

No. S-174308
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

PLAINTIFF

AND:

WEDGEMOUNT POWER LIMITED PARTNERSHIP, WEDGEMOUNT POWER (GP) INC., WEDGEMOUNT POWER INC., THE EHRHARDT 2011 FAMILY TRUST, POINTS WEST HYDRO POWER LIMITED PARTNERSHIP by its general partner POINTS WEST HYDRO (GP) INC., CALAVIA HOLDINGS LTD., SWAHEALY HOLDING LIMITED, BRENT ALLAN HARDY, DAVID JOHN EHRHARDT, 28165 YUKON INC., PARADISE INVESTMENT TRUST and SUNNY PARADISE INC.

DEFENDANTS

AFFIDAVIT

I, JOANNE MCKENNA, of 333 Dunsmuir Street, 17th Floor, in the City of Vancouver, in the Province of British Columbia, SOLEMNLY AFFIRM as follows:

1. I am a Project Manager, Distributed Generation at British Columbia Hydro and Power Authority (“**BCH**”), a stakeholder in these proceedings, and as such have personal knowledge of the facts and matters hereinafter deposed to, or where I do not possess such personal knowledge, I have stated the source of my information and belief, and in all such cases do verily believe it to be true.
2. I have reviewed the Affidavit #1 of Bruce Chow made January 19, 2018 (the “**Chow Affidavit**”). Capitalized terms used in this Affidavit, but not otherwise defined, have the meaning set out in the Chow Affidavit.
3. In early September 2016, Ryan Hefflick of BCH’s interconnections group contacted me to advise that Wedgemount and Industrial Alliance Insurance and Financial Services Inc.

("IA"), Wedgemount's lender, had contacted him with respect to concerns regarding the cost of the project. Mr. Hefflick advised me that Wedgemount would be contacting me with respect to latitude with respect to the COD date.

4. Mr. Hefflick is a member of BCH's interconnections group, the group responsible for technical aspects involving projects, including how the projects will connect to BCH's grid and finalizing studies and reports. The interconnections group does not address Electricity Purchase Agreement (EPA) contract issues and do not have authority to amend EPA contracts or speak to contractual interpretation issues related to EPAs. I am advised by Mr. Hefflick and Vic Rempel, the members of BCH's interconnections team that worked on this project, and verily believe that:

- (a) they only addressed interconnection issues and technical aspects of the project;
and
- (b) in the course of their discussions with Wedgemount, IA and others in respect of this matter, including Deloitte Restructuring Inc. (the "**Receiver**"), they did not make any representations with respect to the EPA.

5. Based on my discussions with Mr. Hefflick and Mr. Rempel, and BCH's policies and procedures in these matters, I verily believe that to the extent any party, including Wedgemount, IA or the Receiver had questions or comments regarding the EPA, Mr. Hefflick and Mr. Rempel would refer those questions to me, or other members of my group.

6. In January 2017, Wedgemount requested a delay of the COD date and compensation pursuant to the EPA section 3.11. Attached and marked as **Exhibit "A"** is a true copy of an email dated January 19, 2018 from Peter Zell to me. Peter Zell began working with Wedgemount on this project in early 2017.

7. On January 20, 2017, I had a phone call with Peter Zell and advised him that BCH would neither be extending COD nor compensating Wedgemount for a COD deferral. I also advised him that any extension of COD by BCH would require a commitment that Wedgemount would pay their outstanding invoices owed to BCH. Attached and marked

as **Exhibit "B"** is a true copy of an email dated January 20, 2017 that I sent to other members of the BCH team summarizing my call that day with Peter Zell.

8. BCH did not make any amendments to the COD date under the EPA, nor did it agree to extend the COD date. At all times, BCH took the position that, pursuant to the terms of the EPA, the Target COD date would only be extended once Wedgemount accepted and finalized the Interconnection Facilities Study. Attached and marked as **Exhibit "C"** is a true copy of an email dated January 23, 2017 from Peter Zell to me (without attachments).
9. Peter Zell, on behalf of Wedgemount, also requested that BCH confirm that it would not exercise its termination rights in the event Wedgemount went insolvent or bankrupt. BCH did not agree to waive or forbear on those termination rights. Attached and marked as **Exhibit "D"** is a true copy of an email dated January 24, 2017 from me to Peter Zell.
10. I am advised by Ryan Hefflick with BCH's interconnections group that in early May 2017, Wedgemount advised BCH that it was considering an alternative route and inquired about the process for extending COD to May 2018. However, there was no formal request made by Wedgemount for BCH to extend COD to May 2018 and BCH did not agree to extend COD.
11. On or about May 9, 2017, BCH learned that IA had cut off Wedgemount's funding for the project and, from that point, Peter Zell, Brent Hardy and David Ehrhardt would not be involved going forward and that IA would be advancing the project. Attached and marked as **Exhibit "E"** is a true copy of my contemporaneous notes from an internal BCH meeting on May 9, 2017.
12. On May 18, 2017, I attended a meeting with Melinda McKie and Paul Chambers of Deloitte Restructuring Inc. (the "**Receiver**") and Frank Lin, Ryan Hefflick and Olha Lui of BCH. At that meeting, I advised the Receiver that under the EPA, we were awaiting an interconnection solution and that the COD deadline would expire September 29, 2017. Based on my contemporaneous notes of this meeting and my recollection, Mr. Hefflick advised the Receiver that it appeared we were at a workable solution when the

receivership was announced, and that we weren't sure where this was at now that the project was in receivership. The Receiver advised that they were aware of the timing sensitivities and would take action as quickly as possible to bring the project towards an interconnection agreement. Attached and marked as **Exhibit "F"** is a true copy of my contemporaneous notes from the May 18, 2017 meeting.

13. Shortly, after the meeting on May 18 2017, I exchanged emails with Mr. Chambers confirming email addresses, but did not have any further contact with the Receiver until September 11, 2017.
14. On June 14, 2017, I attended a meeting between IA (Maxime Durivage, Stefanie Leduc and Luc Fournier) and BCH (Ryan Hefflick, Olha Lui and Vic Rempel). At this meeting:
 - (a) IA advised us that it was committed to the project and that they hoped the project would be ready to be operated by October 2017; and
 - (b) BCH advised that the timing for operation was dependent on the Receiver delivering drawings and obtaining permits, and that we were waiting for options from the Receiver.

Attached and marked as **Exhibit "G"** is a true copy of my contemporaneous notes from the June 14, 2017 meeting.

15. Based on IA's advice at the June 14 meeting that they intended to reach commercial operation by October 2017, I expected that IA and the Receiver would finalize the route and interconnection facility study soon after the meeting.
16. On September 11, 2017, Paul Chambers with the Receiver emailed me to ask that BCH confirm that the 2-year termination provision in the EPA section 8.1(a) did not apply. On September 19, 2017, I advised Mr. Chambers that I was waiting on information that I expected to receive shortly, but couldn't provide the assurances sought at that time. Attached and marked as **Exhibit "H"** is a true copy of an email dated September 19, 2017 that I sent to Mr. Chambers in response to his September 11, 2017 email.

17. On or about September 20, 2017, I specifically advised the Receiver that BCH was not waiving its termination rights. Attached and marked as **Exhibit "I"** is a handwritten note that I made on September 20, 2017. Attached and marked as **Exhibit "J"** is an internal email that I sent to Bruce Chow, Ryan Hefflick and Vic Rempel confirming my call to the Receiver.
18. On September 25, 2017, I attended a meeting with the Receiver (Melinda McKie and Paul Chambers) and other members of BCH (Bruce Chow and Vic Rempel). At that meeting, BCH and the Receiver discussed the sales process that the Receiver had been conducting. This was the first time that BCH received information regarding the sales process.
19. At the September 25 meeting:
 - (a) BCH advised the Receiver that it was concerned about the sales process and that it wanted to review the confidentiality and assignment provisions of the EPA;
 - (b) the Receiver indicated that it believed the Target COD would be reset when the study was completed;
 - (c) the Receiver asked if BCH would provide certainty to potential buyers that it would waive the termination or extend the date;
 - (d) BCH advised the Receiver that it had a termination right and emphasized that it was not waiving any of its rights under the EPA;
 - (e) the Receiver indicated that they expected BCH to waive its termination right, or that it had waived the termination right in May 2017, but BCH confirmed that no such commitments or waivers were made.

Attached and marked as **Exhibit "K"** is a true copy of the meeting summary that I prepared immediately following the September 25, 2017 meeting. A portion of my notes were for the purpose of seeking legal advice, and that section has been redacted. Attached and marked as **Exhibit "L"** is a true copy of my contemporaneous notes with respect to the September 25, 2017 meeting.

20. In a letter dated September 27, 2017, the Receiver advised BCH that it understood that in May 2017, BCH had verbally waived its termination right under the EPA section 8.1. This is not correct. I attended the May 18 meeting and BCH did not waive any rights at that meeting. To the contrary, as noted above, at the May 18 meeting, I advised the Receiver that the COD deadline would expire September 29, 2017. I provided BCH's response to the September 27 letter on September 29, 2017. Attached and marked as **Exhibit "M"** is a true copy of the letter dated September 29, 2017 from BCH to the Receiver.
21. On October 6, 2017, I attended a meeting between BCH and the Receiver (Melinda McKie and Paul Chambers) and BCH (Vic Rempel and Bruce Chow). At that meeting:
- (a) the Receiver provided a summary of its sales process and the interest received;
 - (b) the Receiver advised that it had previously told bidders that the termination date wasn't in force because the interconnection report wasn't finalized, but then retracted this statement and conveyed to the bidders BCH's position and that they were in discussions with BCH to try work out a solution to BCH's termination right;
 - (c) BCH asked how bidders reacted to the news that Target COD had passed, and we were told that the bidders were looking for comfort that BCH was not going to terminate; and
 - (d) close to the end of the meeting, BCH reiterated that it was not waiving its termination rights.

Attached and marked as **Exhibit "N"** is a true copy of my contemporaneous notes from the October 6, 2017 meeting.

22. Pursuant to a letter dated October 17, 2017, BCH asked the Receiver to advise potential purchasers that BCH had termination rights under the EPA and that those rights had not been waived. Attached and marked as **Exhibit "O"** is a true copy of the letter dated October 17, 2017 that I sent to Melinda McKie and Paul Chambers.

23. On November 20, 2017, I attended a meeting between BCH and the Receiver (Melinda McKie and Paul Chambers). At the meeting:
- (a) Mr. Chambers advised that the sales process was stalled until the EPA issue was resolved;
 - (b) the Receiver provided an update on their project, including the status of their drawings being largely complete and verbal support from the two First Nations with respect to the route, but they had not obtained any Band Council approval for the route;
 - (c) Mr. Chow, on behalf of BCH, advised that amendments would be required to the EPA to resolve the issues around BCH's termination rights and to provide concessions to BCH, and that BCH expected to put a proposal to the Receiver in that regard.

Attached and marked as **Exhibit "P"** is a true copy of my contemporaneous notes from the November 20, 2017 meeting. My meeting notes indicate that the meeting was held on a without prejudice basis. The above summary and my notes are included because a summary of the meeting has been set out in the Affidavit of Ms. McKie.

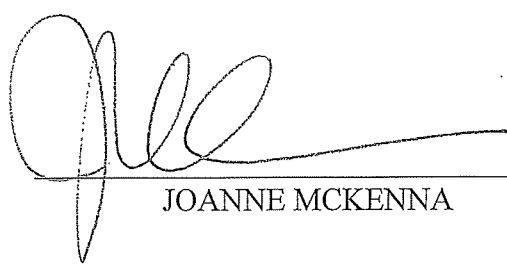
24. Based on an email from Paul Chambers, I believe that the Receiver advised potential purchasers that BCH had termination rights under the EPA and that it had not waived those rights. Attached and marked as **Exhibit "Q"** is a true copy of an email dated November 20, 2017 from Paul Chambers to me and Bruce Chow.
25. As far as I am aware, no one from Wedgemount, the Receiver or IA contacted BCH to request clarification with respect to the correct interpretation of the EPA between the June 14 meeting and the email from Paul Chambers on September 11, 2017. Given the policies and procedures in place at BCH, I believe that if such a request was received, it would have been forwarded to my group, and I would be aware of it.

26. Based on my participation in various discussions with the Receiver and IA, I believe that BCH has, at all times, reserved its termination rights and maintained that its termination rights have not been waived.

AFFIRMED BEFORE ME at the City of
Vancouver, in the Province of British)
Columbia, this 28th day of March 2018)
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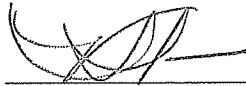
A Commissioner for taking oaths in and for the
Province of British Columbia



JOANNE MCKENNA

Valerie Aberdeen
Barrister & Solicitor
B.C. Hydro
333 Dunsmuir Street, 16th Floor
Vancouver, B.C. V6B 5R3
*A Notary Public in and for the
Province Of British Columbia*

THIS IS EXHIBIT "A" REFERRED TO IN THE AFFIDAVIT OF
JOANNE MCKENNA MADE BEFORE ME ON THE
28th DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: Peter Zell <pzell@ecoflowenergy.com>
Sent: January-19-17 11:45 AM
To: McKenna, Joanne
Cc: Soulsby, Rohan; David Ehrhardt; Brett Robinson
Subject: Follow up
Attachments: Consent Letter - Hydro-Eco Flow.pdf; DY0664 SOO Wedgemount IPP RBW 25F65-25F61 - 409-D08-01007.pdf

Joanne,

Thank you for taking the time to set up the meeting this past Tuesday. I was not able to follow up on the meeting earlier because of other commitments. I apologize for that.

Please find attached the consent letter that Rohan had asked about as well as the drawing set that includes the drawings that we were looking at on the table and on my computer.

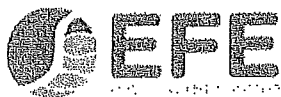
We are very active at this time with respect to engineering options and permitting investigations around Section 2 and 3. We are still targeting for an answer back to the working group by the end of the week. At this time we seem to be headed to a proposal that may actually end up being a hybrid solution that has everyone (BCH, WPI and the First Nations) working very closely to a creative solution to Section 2 in particular. This could ultimately maintain the current POI as is. The objective is to expedite the permitting process to allow the problematic Section 2 construction to start in early spring in parallel with Section 1 construction, that we have been told has all the necessary permissions from the Crown and MOTI to proceed.

We appreciate your consideration of our requests around delaying COD and compensating us under section 3.11 of the EPA.

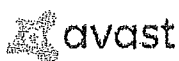
Please feel free to call anytime if you have any questions, concerns or innovative suggestions to move this forward.

Best Regards

Peter Zell, P. Eng.

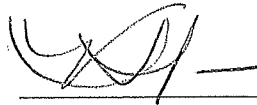


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250-981-1250



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A handwritten signature in black ink, consisting of several loops and a horizontal line at the end, positioned above a solid horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: McKenna, Joanne
Sent: January-20-17 1:32 PM
To: Soulsby, Rohan; Lin, Frank; Rempel, Vic; Clayton, Brandee; Hefflick, Ryan
Cc: McKenna, Joanne
Subject: follow-up with Peter Zell

Hi all, wanted to update you on the conversation I had with Peter this morning. I communicated to him that while we were in the process of exploring options to extend Wedgemount's COD, we were not willing to extending their COD AND compensate them for a COD deferral. He was not happy to hear that we weren't going to look at compensation as they are losing a lot of money. He asked whether any consideration around delaying COD and compensating them under section 3.11 of the EPA would be given, based on the fact (according to them) that the delays were as a result of BC Hydro. I said that my understanding is that delays were also caused by the proponent by changing scope of work, and non-payment so that it was not all on BC Hydro. Furthermore, I noted that our interconnections folks indicated that if WGM can confirm the remaining scope of work in a timely manner, that BCH would be able to complete the work required within the timeframe noted in the Facilities Study (Sept 29, 2017).

He also mentioned they are working on options to bring back to BCH that would focus on how we could move the project forward. Didn't get a sense that he was dropping the idea of compensation. I asked about timing, given the urgency he expressed to us when we met on Jan 17th, and if he thought there would be any latitude with the bank. He thought there might be room to extend the forbearance letter if the bank was satisfied that WGM and BCH were working on a viable solution.

I also mentioned that if we were able to extend the COD, we would need a commitment from them that they would pay their outstanding invoices with BCH.

It was left that they would send us some options for discussion.

Joanne McKenna | Sr. Manager, Distributed Generation, Business & Economic Development

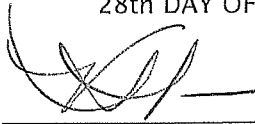
BC Hydro
333 Dunsmuir St, 17th floor
Vancouver, BC V6B 5R3

P 604-623-4162
M 604-605-7413
E Joanne.McKenna@bchydro.com

bchydro.com

Smart about power in all we do.

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
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From: Peter Zell <pzell@ecoflowenergy.com>
Sent: January-23-17 6:13 AM
To: McKenna, Joanne
Cc: Soulsby, Rohan; 'David Ehrhardt'; 'Brett Robinson'
Subject: Follow up
Attachments: Consent Letter - Hydro-Eco Flow.pdf; DY0664 SOO Wedgemount IPP RBW 25F65-25F61 - 409-D08-01007.pdf

Joanne,

I had prepared this email and thought that it had been sent but just found it stuck in my outbox along with several others. I was having connectivity issues that I was not aware of while I was out of town last week. I thought that it needed to be sent to you anyway because it contained the attachments and is still relevant.

I appreciate that you had already followed up by phone with respect to our request around delaying COD (yes you confirmed this will be per the language in section 3.9) and compensation under section 3.11 (you stated that BCH is long on power and that this is not possible).

PZ

Joanne,

Thank you for taking the time to set up the meeting yesterday. I was not able to follow up on the meeting earlier because of other commitments. I apologize for that.

Please find attached the consent letter that Rohan had asked about as well as the drawing set that includes the drawings that we were looking at on the table and on my computer.

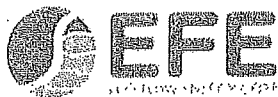
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We appreciate your consideration of our requests around delaying COD and compensating us under section 3.11 of the EPA.

Please feel free to call anytime if you have any questions, concerns or innovative suggestions to help this project across the finish line.

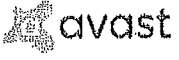
Best Regards

Peter Zell, P. Eng.



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28th DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: McKenna, Joanne
Sent: January-24-17 5:07 PM
To: 'Peter Zell'
Cc: Soulsby, Rohan; 'David Ehrhardt'; 'Brett Robinson'; Lin, Frank; Clayton, Brandee
Subject: RE: What if Wedgemount were to become insolvent?

Hi Peter, in response to per your question below, we will not forebear on our right of termination in sec 8.1f of the EPA and therefore cannot provide you with the assurances you are seeking.

Joanne

Joanne McKenna | Sr. Manager, Distributed Generation, Business & Economic Development

BC Hydro
333 Dunsmuir St, 17th floor
Vancouver, BC V6B 5R3

P 604-623-4162
M 604-505-7413
E Joanne.McKenna@bchydro.com

bchydro.com

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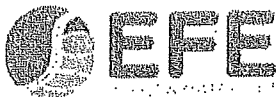
From: Peter Zell [<mailto:pzell@ecoflowenergy.com>]
Sent: 2017, January 24 9:37 AM
To: McKenna, Joanne
Cc: Soulsby, Rohan; 'David Ehrhardt'; 'Brett Robinson'
Subject: What if Wedgemount were to become insolvent?

Joanne,

One of the things that stuck in my mind after our telephone call last week was a comment that you made in regard to the project going into bankruptcy. Per section 8.1 f) of the EPA, BCH has the right to terminate the EPA in the event that the Seller becomes insolvent. This is an important risk item for us and will impact our decision to continue to be involved in the project going forward. Given that BCH is long on power (as you stated in our call and that is also pretty common knowledge in the industry), could you give us an indication as to whether or not BCH would exercise its termination right per section 8.1 f) should the project become insolvent or bankrupt?

Best Regards

Peter Zell, P. Eng.



206-4840 Delta Street
Delta, BC, V4K 2T6
250-981-1250

From: Peter Zell [<mailto:pzell@ecoflowenergy.com>]

Sent: Monday, January 23, 2017 6:13 AM

To: 'Joanne McKenna' <Joanne.McKenna@bchydro.com>

Cc: 'Rohan Soulsby' <Rohan.Soulsby@bchydro.com>; 'David Ehrhardt' <dehrhardt@telus.net>; 'Brett Robinson' <Brxlr8@gmail.com>

Subject: Follow up

Joanne,

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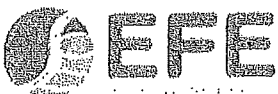
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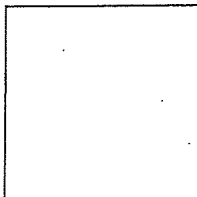
Please feel free to call anytime if you have any questions, concerns or innovative suggestions to help this project across the finish line.

Best Regards

Peter Zell, P. Eng.



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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

Ryan, Vic, Bruce, Otha, Niall & Brundee

Date: May 9/17

Wedgemount Update,

• Lender has cut off financing to Wedgemount (today). IA is financier.

• IA files for receivership - expected to be approved by Friday May 11th.

• Peter Zell & Brent Ham & David ~~Arthur~~ cut off.

• IA is going to advance this project.

• Project development - complete of acts for interconnectivity. Hiccup for one act that requires approval for ERD.

• ^{Interconnectivity} will finalize cost est & Faculties Study scope expected completion ^{W/ 2 wks.}

• Need a lender's consent? ^{justice}

• Current debts - ^{ERD} IA has verbally agreed to settle these.

No IA in place with developer.

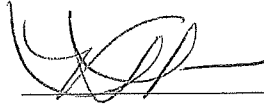
Date

They advised of the latest events.

We are only supposed to be communicating
w the Leader (and Travellers to the
agent on behalf of IA).

↳ ^{all} needs authorizations to allow
Bell to communicate w them on
behalf of Wedgemount.

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

Wedgemat

Date May 18/17

Paul Chambers } Deloitte's
Melinda McKee }
Frank Lin, Ryan
Otha Levi

- MM - provided update on where they're at. Midgaard working w/ Deloitte's.

• me - provided where we're at - under the EPA. currently int. sol'n - COD expires Sept 29/17.

• Ryan - exploring various int. options to find the most cost-effective sol'n that is acceptable to BCI.

- stored history.

- at a workable sol'n when the membership was announced. Not sure where this is at now.

MM what's the timing for moving forward? we'd need confirmation from IA / Deloitte for the selected int. option - need to finalize the study - need to be paid.

- Depends on the timing of these

approvals then would dictate construction timeline
Deloitte's - receiver }
IA - secured lender } will send BKH with
confirmation re speaking / meeting
w/ IA + Michael P. MM will lead this
to me.

What's the timeline fr. Deloitte's perspective?
What's the process? What can we
expect?

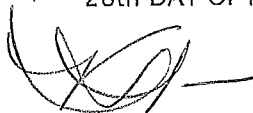
U. aware of timing sensitivities -
MM needs to re-start the design process.

PC What's the timing on BKH's side to get to
an IA?

- align to the time sensitivities
we'll process / take actions as quickly as
possible.

- IA standard template - these
docs have been shared w/ developer
& will share w/ Deloitte's. RH

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28th DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

Date June 14/17

IA Meeting re: Wedgemount Creek

Maxime Durivage } IA

Stefanie Leduc } IA

Luc Fournier } IA

Arnaud H } Ben.

OMAL } Ben.

McR. } (working for receiver Deloitte)

Introductions

- committed to the project. Want

it to be constructed. Michael Puch

will continue until the end

Unique situation for IA. First time for this + they're the sole leaders.

(Oct) operators - hope by this time it will be ready to be operated. Approached by many buyers (Peter Zee) included.

In-service date? This is based on previous discussion in PZell (who guided discussion with Ben).

- Letter of credit - IA asked if we could cash it + use for owed \$ to interconnections. The LC is \$1.5M then the \$ money to BCH. IA's expectation is that we use the balance to pay for any future work.

CMJ (Michael P) responsible for obtaining permits.

Date

- payments to BCK will be made available ASAP (1WK or less).

- Don't have any firm answers yet as we're working with an delivery team, timing is dependent upon state of drawings & permits. Waiting options for the receiver.
Standard approach vs non-standard

↓
if not sufficient time
don't start
construction

approach
↓
start construction
& do as much as
possible & then least
construction if weather
least process

ISP - 90 days following the completed Field Study.
- COO - end of October.

* drawings/plans for subdivision outlining the route of the overhead/underground to reach the substn.

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
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From: McKenna, Joanne
Sent: September-19-17 11:44 AM
To: Chambers, Paul (CA - British Columbia)
Cc: McKie, Melinda (CA - British Columbia); Hefflick, Ryan; Rempel, Vic; Magnus C. Verbrugge (mverbrugge@blg.com); McKenna, Joanne
Subject: RE: Wedgemount Power LP in Receivership

Hi Paul, as per my voicemail, we are currently waiting on information that I expect to receive tomorrow afternoon. I will call you as soon as I have it. At this time, I can't provide you with the assurances that you are seeking.

Joanne

Joanne McKenna | Sr. Manager, Distributed Generation, Business & Economic Development

BC Hydro
333 Dunsmuir St, 17th floor
Vancouver, BC V6B 5R3

P 604-623-4162
M 604-505-7413
E Joanne.McKenna@bchydro.com

bchydro.com

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From: Chambers, Paul (CA - British Columbia) [mailto:pachambers@deloitte.ca]
Sent: 2017, September 19 11:16 AM
To: McKenna, Joanne
Cc: McKie, Melinda (CA - British Columbia); Hefflick, Ryan; Rempel, Vic; Magnus C. Verbrugge (mverbrugge@blg.com)
Subject: RE: Wedgemount Power LP in Receivership

Hello Joanne,

Just following up on my email below.

Would it be help if we had a call? Given the timing, we would appreciate a response in the next couple of days if possible.

Many thanks,

DELOITTE RESTRUCTURING INC.

In its capacity as Court-appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc., and not in its personal capacity

Paul Chambers

Vice President | Financial Advisory
Deloitte Restructuring Inc.
2800 - 1055 Dunsmuir Street, Vancouver, BC V7X 1P4
D: +1 (604) 640 3368 | M: +1 (604) 365 4465
pachambers@deloitte.ca | deloitte.ca

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From: Chambers, Paul (CA - British Columbia)
Sent: Monday, September 11, 2017 11:13 AM
To: McKenna, Joanne <Joanne.McKenna@bchydro.com>
Cc: McKie, Melinda (CA - British Columbia) <mmckie@deloitte.ca>; Hefflick, Ryan <Ryan.Hefflick@bchydro.com>; Rempel, Vic <Vic.Rempel@bchydro.com>; Magnus C. Verbrugge (mverbrugge@blg.com) <mverbrugge@blg.com>
Subject: RE: Wedgemount Power LP in Receivership

Good morning Joanne,

We are conscious that the second anniversary of the Target COD is approaching, as defined in the EPA (i.e. Sept 30, 2017).

Based on our discussions in May of this year, we understand that the 2 year termination provision set-out in paragraph 8.1(a) of the EPA is not applicable since the Interconnection Study Report remains in draft form and the Estimated Interconnection Facilities Completion Date remains subject to change pursuant to paragraph 3.9 of the EPA.

Please can you confirm this for us?

By way of update, the Receiver is continuing to advance planning and design for the interconnection, and we have had several meetings with Vic Rempel and Ryan Hefflick in this regard. The Receiver is also expecting to retain a contractor to finish the intake construction in the next couple of weeks.

Many thanks,

DELOITTE RESTRUCTURING INC.
In its capacity as Court-appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc., and not in its personal capacity

Paul Chambers
Senior Manager | Financial Advisory
Deloitte
2800 – 1055 Dunsmuir Street, Vancouver, BC V7X 1P4
D: +1 (604) 640 3368 | M: +1 (604) 365 4465.
pachambers@deloitte.ca | deloitte.ca

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From: McKenna, Joanne [<mailto:Joanne.McKenna@bchydro.com>]
Sent: Friday, May 19, 2017 9:18 AM
To: Chambers, Paul (CA - British Columbia)
Subject: RE: Correspondence

Hi Paul, my address is correct. Ryan Hefflick's email is ryan.hefflick@bchydro.com.
If you could copy him on any emails that would be great.

Thank-you, Joanne

Joanne McKenna | Sr. Manager, Distributed Generation, Business & Economic Development

BC Hydro

333 Dunsmuir St, 17th floor
Vancouver, BC V6B 5R3

P 604-623-4162
M 604-505-7413
E Joanne.McKenna@bchydro.com

bchydro.com

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From: Chambers, Paul (CA - British Columbia) [<mailto:pachambers@deloitte.ca>]
Sent: 2017, May 18 4:44 PM
To: McKenna, Joanne
Subject: Correspondence

Hi Joanne,

Thank you for your participation in the call this afternoon.

Just checking I have the correct email address for you. Please also provide the email addresses of any other of your team members that you would like to be copied on correspondence moving forward.

We expect to send you the letter, as requested, first thing in the morning.

Kind regards,

DELOITTE RESTRUCTURING INC.

In its capacity as Court-appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc., and not in its personal capacity

Paul Chambers

Vice President | Financial Advisory
Deloitte Restructuring Inc.
2800 - 1055 Dunsmuir Street, Vancouver, BC V7X 1P4
D: +1 (604) 640 3368 | M: +1 (604) 365 4465
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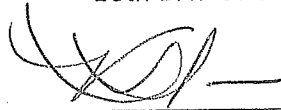
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28th DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

Wed Sept 20/17

Date

Wedgemount

Ⓟ

Not waiving our termination
rights. Communicated
to Deloitte

REDACTED FOR
PRIVILEGE - SOLICITOR/CLIENT

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A handwritten signature in black ink, consisting of several loops and a horizontal stroke at the end, positioned above a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: McKenna, Joanne
Sent: September-20-17 3:32 PM
To: Chow, Bruce; Hefflick, Ryan; Rempel, Vic
Cc: Soulsby, Rohan; McKenna, Joanne
Subject: WEEdgemount

Hi wanted to let you know that I called Paul Chambers to let him know that BCH would not be waiving our termination rights.

I suggested we set up a meeting for either later this week or early next week. He will email me a list of who needs to attend on their side.

Joanne

Joanne McKenna | Sr. Manager, Distributed Generation, Business & Economic Development


BC Hydro
333 Dunsmuir St, 17th floor
Vancouver, BC V6B 5R3

P 604-623-4162
M 604-505-7413
E Joanne.McKenna@bchydro.com

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Summary of Meeting with Receiver for the Wedgemount Hydro Project

For Internal Discussion and Use Only

September 25, 2017

Attendees:

- Deloitte = Paul Chambers; Melinda McKie (Sr VP); Peter Helland (Midgard)
- BC Hydro = Joanne McKenna (B&ED); Bruce Chow (B&ED); Vic Rempel (Interconnections)

Overview of activities of Receiver:

- Receivership initiated on May 12/17. Industrial Alliance (IA) is a secured creditor. IA has agreed that funds from the existing loan facility (initially \$22 million) can be used to finance the work to progress the project, as required.
- Midgard hired by Receiver as an Independent Engineer (IE) to complete a status assessment of the facility. Midgard resigned as the IE for Industrial Alliance (Lender) to take on this role for the Receiver.
- Sigma engineering hired to undertake a current status of the penstock/intake.
- Awarded construction contract to True North Energy to complete the construction around the intake before winter/ stabilize the facility and mitigate risks related to the temporary diversion.
- Multiple conversations have occurred with FLNRO and Squamish and Lil'wat First Nations, and they are meeting again on Sep 26/17. Receivers have Agreement in Principle with the two First Nations; existing IBAs have been amended to guarantee this support (both First Nations will receive royalties but will not have an equity position in the project). The Receiver believes the agreement will be executed by the First Nation because the structure of the agreement was proposed by Squamish. Evidence of support forthcoming.
- Interconnections options have focused on the Forest Service Road route.
- Conversations with Subdivision owner have also taken place. Powerhouse is to be located within subdivision. Lack of confirmation as to where the ducting for the interconnection will be located. New proposal for ducting to be sent to owner on September 27/17.
- Initiated sales process in July by issuing an Expression of Interest to interested buyers.
 - This process included setting up a data room that contained documents related to WGM including the EPA. NDA's were signed by prospective bidders. BC Hydro consent for the release of the EPA was not obtained.
 - BC Hydro expressed concern about the process and advised that the Receiver needs to review the confidentiality and assignment provisions in the EPA. (BC Hydro will follow up with a request for a copy of the NDA and details on the parties that have received the EPA).
 - Bidding offers are expected by October 2/17. Selection will occur ASAP with recommendation to court. Stakeholders will have an opportunity to comment. (Timeline??, Process for Registering as a stakeholder in the sale).
 - The successful bidder will carry out its due diligence within about 1 week of the award.
 - BC Hydro advised that it only negotiates with the Seller, which must happen either before assignment with the existing Seller or after assignment with the successful bidder.
 - The Receiver recognizes that the uncertainties (interconnection routing and costs, termination rights within the EPA) with respect to the EPA will impact the price received for the project.
 - Receiver is under the impression that the Target COD will be reset upon completion of the study. BC Hydro commented that it has a termination right.

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- Receiver has estimated that COD can occur as early as July/August 2018.
 - The balance of the penstock needs to be completed. Total line is 4.5 km, and a 0.5 km difficult section in the middle and the connection to the powerhouse are not yet complete.

Outstanding Items:

- Final route selection to be determined. Three routes have been studied, and a preferred route has been identified. Permits from FLNRO are still outstanding for the preferred route;
- Evidence of support from the Squamish and Lil'wat First Nations for preferred route not yet received.
- Agreement with subdivision owner re placement of the ducting not obtained.
- Permits from FLNRO for preferred interconnection route not obtained.
- Court approval for new buyer not obtained – expected late October??

Statement with regards to BC Hydro Termination Rights

- BC Hydro emphasizes that it is not waiving any of its rights under the EPA, although the focus of this conversation was a status update from the Receiver.
- Receiver indicated that they expected BC Hydro to waive our termination rights and understood that we had done so in our first meeting with them in May. No such commitments were made by BC Hydro.
- BC Hydro commented that we needed some time to digest the information provided by the Receiver; and would consult with our legal advisors before determining next steps. We agreed to meet next week to discuss next steps.

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
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Wedgmount Creek Hydro

Date Sept 25/17

Deloitte: Paul Chambers } D

Mylene McKie } D

Bob Helewell (Midgard)

RT Rempel (interconnections)

Bruce Chan

May 12/17 Receivership initiated.

Court appointed - answerable to them
& the creditor to answer the value.

Midgard - chief station assessed - in
everyone's best interest to move the
forward. Realizing that interconnect
needed to be resolved.

#1 - SRD park level - Due to route thru
the park. Single tunnel for this project
difficult. Road

#2 - Forest service, route + advanced
work on this route. (Clear encroachment -
in parallel 3570 design drawings) Proceed in well
CMT Project Sal's to obtain permit -
TO Union for the 2 alt. routes

Route #2 runs thru the Squamish PN
National & didn't wait for to happen
June 2017 this came to light -

Sept 26/17

Date

Sept 17
Lilwat PN was O.K. No meeting b/c
APN & PNRO had ^{not} occurred due
to Forest Fire
Met w/ Shon' from AK re: PN consent.

#3 Alt-Route PO off. SIRD line but
still req'd a feature for a crossing (?).
↳ who's he?

Sept 17 Agreement in principle from 2 PWS
amends to existing IBA. PWS would
support the route #2. And for their
support they will receive some benefits
for their Royalty streams.
Contingent upon Chief & Council
approval. This ~~can~~ is expected to be
concluded in 7-10 days.

9520 design drawings from Clean Energy

Signia hard to understand. a 'current' state
of the penstock / intake etc.

• Status of Subdivisions interconnection.
~~May~~ May need another R-D-W. B/c the
ducting is next to the road - may need
approval from MOTT.

Powerhouse located on subdivision
pave land.

New proposal ^{being discussed} re: ducting fire water connects
sent to Subdivision Paper Sept 27/17
on intake and intake

- tender doc. not for construction -
will be awarded to True North Energy
today. To complete construction before
winter.

Angus Shiny frester - to advise stability
the road. (done in June).

IA - funding - the reengineering process + consultant
etc. (this incl. the
EPA)

July

Acce process - approached by various
parties. Initiated a data room w/
Julia Pym and did site visit. Rec'd
Express Letter of Intent - binding offer
in due by Oct 2. Reviewer
selects one + ^{max application} Court to seek
approval. As a stakeholder BEM
share rights.

Deloitte needs + review
BEM will need to review our Assignment
rights.

extended date of July
Date ~~unfit~~ to new
* Deloitte - can BCH provide any certainty
to the buyer that we'd waive
the termination

overland
prison
300 to
last 12 km
what need to
be built
Penstock work needs to be completed
in spring 2018.
est. COO July 2018 ~~AP~~

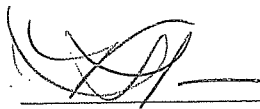
Deloitte's outlined risks to present
buyers.

- FN support & implied as IBA
- Interconnectivity cost
- Status of EPA - going forward
- Permit permits could be a piece

June 15th →

*
Next steps ?? Meet next
week?

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
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Joanne McKenna
Manager, Distributed Generation
P 604 623-4162
E Joanne.McKenna@bchydro.com

BY EMAIL

pachambers@deloitte.ca
mmckie@deloitte.ca

September 29, 2017

Deloitte Restructuring Inc.
2800 – 1055 Dunsmuir Street
Vancouver, BC
V7X 1P4

Attention: Melinda McKie and Paul Chambers

Dear Sirs/Mesdames:

Re: Receivership (the "Receivership") of Wedgemount Power Limited Partnership et al
("Wedgemount")

We are in receipt of your letter dated September 27, 2017 ("Deloitte Letter"). BC Hydro does not agree with certain aspects of the Deloitte Letter; but without going into specifics at this time, we are writing in response to the Deloitte Letter and to follow up on the meeting held on September 25, 2017 (the "September 25 Meeting") between representatives of British Columbia Hydro and Power Authority ("BC Hydro") and Deloitte Restructuring Inc., as court appointed receiver of Wedgemount (the "Receiver") pursuant to the Order of Mr. Justice Steeves pronounced May 12, 2017 in Vancouver Registry Action No. S-174308 (the "Receivership Order").

As you are aware, Wedgemount and BC Hydro are party to an Electricity Purchase Agreement made as of March 6, 2015 (the "EPA"). While BC Hydro has been aware of the Receivership generally, and has had some contact with the Receiver with respect to the project interconnection options and studies, we have not been closely involved in, nor advised of, the Receivership process to date aside from an initial phone call with the Receiver on May 18, 2017 (the "May 2017 Call"), in which BC Hydro confirmed that the Project needed to achieve COD by September 30, 2017. At no time during the May 2017 Call did we waive our termination rights under the EPA.

You advised at the September 25 Meeting that in July, the Receiver commenced a marketing and sale process for certain assets of Wedgemount (the "Sale Process"). We learned from you that the Receiver has set up a data room that includes the EPA and other agreements between BC Hydro and Wedgemount, and that potential bidders who signed non-disclosure agreements ("NDAs") with the Receiver have been granted access to that data room. You further advised that the Receiver expects

binding offers for Wedgemount's assets by October 2, 2017, with the successful bidder then having a week or so to conduct further diligence after having been selected by the Receiver.

We were very surprised to learn about the Sale Process given the obvious importance to us of the sale of the EPA and the need for BC Hydro's involvement throughout the Sale Process (which has not occurred). The EPA is Wedgemount's principal asset and its purchase will be the foundation of any binding offers submitted to the Receiver. You heard some immediate concerns from us at the September 25 Meeting. On further reflection, our concerns have expanded and we believe that the Sale Process as currently constituted has significant flaws that may potentially result in negative outcomes for BC Hydro, the Receiver, and potential bidders. We believe it is important that we set out our concerns for you now, so that there is no misunderstanding as to BC Hydro's position and no surprises for the Receiver or any potential bidders in the Sale Process. This letter is not intended to be technical in any way and is not meant to present an exhaustive list of BC Hydro's concerns, but it is intended to precipitate an urgent discussion to see whether a workable Sale Process can be achieved.

First, we note that that EPA has confidentiality provisions that cannot be addressed by interested bidders signing an NDA with the Receiver. The EPA cannot be disclosed without BC Hydro's consent, which was neither sought nor granted. Populating the data room with the EPA, and giving access to it to bidders, is a breach of the EPA and constitutes a default under the EPA. BC Hydro is a regulated entity; it takes its confidentiality agreements very seriously and insists on them being honoured. We have not seen the form of NDA; we do not know who or how many people have had access to the data room and the EPA, nor what use they might otherwise make of the information found there, notwithstanding whatever restrictions the form of NDA imposes on them.

We have not seen the bid package that was sent to prospective bidders. We do not know what the Receiver is offering to sell, or on what terms, or what is said about BC Hydro's involvement, or what qualifications have been communicated to bidders about what they would be buying. BC Hydro will need to see the complete bid package as soon as possible so that we can assess whether it raises any additional issues for us.

Critically, any assignment of the EPA or any related agreements cannot be achieved without BC Hydro's consent. Any assignment to a successful bidder would have to be on terms acceptable to BC Hydro, taking into account (among other things) the need to cure all existing defaults, and the requirement to address the changing circumstances between the time that the EPA was entered into and the present date. Amendments to the EPA may be required before it can be assigned. It is unknown whether a successful bidder and BC Hydro could agree on the terms of any consent to the assignment. The bids could change, or the identity of the successful bidder could change, if interested parties were aware of all of the circumstances of the EPA and the requirements of BC Hydro in connection with an assignment.

The Receiver has embarked on the Sales Process without sufficient consultation with BC Hydro regarding the EPA. A Sale Process that results in an accepted bid that subsequently results in a complex and material negotiation with BC Hydro, raises the prospect of an unsuccessful Sale Process in which both the successful and unsuccessful bidders view it as a "bait and switch" that results in a non-sale. Furthermore, as discussed in the September 25 Meeting, is it not BC Hydro's practice to negotiate with any party other than the "Seller" under the EPA, which is currently the Receiver. It would be problematic for BC Hydro to negotiate with a prospective bidder who was not yet a party to the EPA. All these issues need to be addressed.

Perhaps most importantly, as we raised in the September 25 Meeting, BC Hydro has an impending termination right under the EPA as a result of Wedgemount not reaching COD within two years of the September 30, 2015 Target COD under the EPA. By email dated September 11, 2017 (the "September 2017 Email"), the first communication from the Receiver to the undersigned since the May 2017 Call, the Receiver asked BC Hydro to confirm the Receiver's presumption that the termination provision under the EPA is not applicable. By telephone call September 20, 2017, BC Hydro confirmed that its termination right crystallizes on September 30, 2017, and that BC Hydro would not be waiving that right. We are concerned that prospective bidders may not be aware of BC Hydro's impending termination right.

As noted above, there are material, serious and complex issues that need to be addressed before any Sale Process can be completed. To be clear, BC Hydro reserves, has not waived, and will not waive any of its rights or remedies under the EPA or any of its other agreements with Wedgemount, and it has not waived and will not waive any existing or future defaults, other than on terms acceptable to it in its sole discretion. BC Hydro is not in a position to provide any assurance at this time that it will not exercise any termination rights that it has under the EPA. Subject to the terms of the Receivership Order, BC Hydro will insist on strict compliance with the terms of the EPA going forward and in connection with any proposed assignment of the EPA. BC Hydro's intention is that this letter will lead to immediate discussions with the Receiver, and to BC Hydro being informed about the Sale Process as appropriate, assuming a practical path forward can be found.

We look forward to your reply at your earliest convenience.

Yours truly,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long horizontal stroke extending to the right.

Joanne McKenna
Manager, Distributed Generation

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28th DAY OF MARCH 2018

A handwritten signature in black ink, consisting of several loops and a horizontal stroke at the end, positioned above a horizontal line.

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BRITISH COLUMBIA

APAs contained
an est COP
of end of Aug 2018
WGM

Date Oct. 6/17.

Deloitte

- Melinda

- Paul

- Vic

- Bruce

- Deloitte (Melinda)

not intended to do an offer

but due to interest they ended
up setting up non-binding offers.

no rep / no warrants of the EPA -

history

mid-June began rec'y industrial call set
up data room in July (late).

- EPA's ^{fin} model (Deloitte did); permits to date
(process); IBAs; route (r-o-w); engineering
report by Synco also in the data room.

ask

can we get NDA form + when its term
date

~ 10 potential interest phase 1

~ 3 preferred bidders phase 2

- due diligence / site visit - Oct 2/17

to submit final bidding offers

draft ~~data~~ ^{asset purchase} agreement in data room +
asked to mark up + submit to them
bids

~ 6 bids rec'd Oct 2/17

2 non-binding

3-4 serious bids

Date

Interconnect

get Bell's perspective as to timing of route
 as to when COP could be achieved.
 What interconnect info has been shared?
 - Interconnecture - status;

FN - status update.

Current Jim L'Heureux FN to say amendments
 their IBA is in front of Chief + Council &
 expect confirmation today. And will provide
 a BCR to execute the IBA

Sam Bruce (legal counsel for Squamish). They
 reviewed the amenda to Chief but will
 they're comfortable + will be putting
 this in front of Chief + Council next
 wk.

- prepared to send letter of support
 to the Council (PLIRO).

Support the ESR route & if not
 workable they will support the SLRO
 route.

what the timeline?

• FNRO will send out pkg. form & is
 billed by timeline for review.

→ Debra will provide us chronology
 of events to date.

deal closed by end of Nov. 2017
Date

Q/ Is there a deadline / timeline the receiver is looking at? NO stated timeline - like to be out of this process as soon as possible.

As part of the Assignment process - we need to ensure PN interests are looked after - a well need to undertake a PN risk assessment.

Financial model ref. an est target COO of end of Aug. 2018.

Ask ~~Q~~ Can Bell obtain access to the data room? They'll check & get back to us.

* As formal marketing process

• bids expire in 15 days / 30 days.

* critical conditions to have put in bidder

- IBA / PN

- Interconnections section

- Final Engineering Study

- EPC term, right section

might take up with in

hope for bank period

The receiver prepares reports that go to court the receiver would go to court to have the transaction ~~not~~ approved. (hearing 10-14 days after report is filed)

Date

Deloitte - will provide us with the info about
the proposed bidder so we can do
our due diligence re: the assignment
process. They want this to be done
relatively quickly...

Next Steps: meet next wk?

- reiterate not waiving our termination
rights.

set up mtg
2:30 pm / 3:00 pm Friday Oct 13/17

We need to do to move this forward:

- Execute approval reqs
- bus. case / BN
- ask Brander for the firm
model to determine the impact.

Timeline for interconnections - ~3 mos

THIS IS EXHIBIT "O" REFERRED TO IN THE AFFIDAVIT OF
JOANNE MCKENNA MADE BEFORE ME ON THE
28th DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA



Joanne McKenna
Manager, Distributed Generation
P 604 623-4162
E Joanne.McKenna@bchydro.com

BY EMAIL

pachambers@deloitte.ca
mmckie@deloitte.ca

October 17, 2017

Deloitte Restructuring Inc.
2800 – 1055 Dunsmuir Street
Vancouver, BC
V7X 1P4

Attention: Melinda McKie and Paul Chambers

Dear Sirs/Mesdames:

Re: Receivership (the "Receivership") of Wedgemount Power Limited Partnership et al ("Wedgemount")

We are in receipt of the letter from Deloitte Restructuring Inc. ("Receiver") and enclosures dated October 11, 2017 (collectively, the "October 11 Letter"), which followed our meeting on October 6 (the "Meeting"). BC Hydro is deeply troubled by several significant false and/or misleading statements in the October 11 Letter that concern the discussions that have taken place between BC Hydro and the Receiver with respect to the Electricity Purchase Agreement between BC Hydro and Wedgemount (the "EPA"). In our letter to you dated September 29, 2017 (the "September 29 Letter"), we indicated our concern about the Receiver's breach of the confidentiality provisions within the EPA, potential misrepresentations to bidders about BC Hydro's termination rights under the EPA, and the potential for a flawed sales process with respect to the disposition of certain assets of Wedgemount, including the EPA (the "Sale Process").

Although the October 11 Letter did not provide all of the information that was requested in the Meeting, it has magnified our concerns about the integrity of the Sale Process and the Receiver's handling of the EPA. As a result, we believe that the Sale Process has significant flaws that will result in negative outcomes for BC Hydro, the Receiver, and bidders. Furthermore, false and/or misleading statements in the October 11 Letter, combined with the scope of the Receiver's breach of the confidentiality provisions of the EPA, are extremely damaging to BC Hydro's commercial interests with respect to other electricity purchase agreements in its portfolio.

Our specific primary concerns are outlined below:

1. Receiver's Representations to Bidders Regarding Discussions with BC Hydro Concerning the EPA

At the Meeting and in section 5 of the October 11 Letter, the Receiver indicated that it had not made any representations to bidders in relation to the EPA. However, in Appendix D of the October 11 Letter, the Receiver's response to Question 9 states that:

"BC Hydro has verbally confirmed to the Receiver that the EPA will not be terminated as a result of the COD deadline of September 2017. The EPA includes various provisions for changing the Target COD (paragraphs 3.9 and 3.11). Based on discussions with BC Hydro, the Receiver understands that since the Interconnection Study Report remains in draft form and has not yet been finalized, the Estimated Interconnection Facilities Completion Date remains subject to change, and accordingly, the Target COD may be changed subject to the provisions of paragraph 3.9 of the EPA."

This statement is both false and misleading. Prior to July 11, 2017 (the apparent date the statement was posted in the data room), BC Hydro's interaction with the Receiver with respect to the EPA was limited to a single conference call on May 18, 2017 that was brief and introductory in nature. In that call, we stated very clearly that the COD deadline was September 30, 2017, and at no time did we agree to waive our termination rights. As we have reminded the Receiver since, BC Hydro reserves, has not waived, and will not waive any of its rights or remedies under the EPA or any of its other agreements with Wedgemount, and it has not waived and will not waive any existing or future defaults, other than on terms acceptable to it in its sole discretion. Furthermore, the second and third sentences of Deloitte's response to Question 9 imply that BC Hydro and the Receiver had discussions regarding the interpretation of the EPA with respect to the draft Interconnection Study Report, which is misleading because no such conversations had taken place.

It is inconceivable that the Receiver would embark on the Sale Process, which involves assets potentially worth many millions of dollars and one primary agreement, without seeking confirmation from the counterparty (BC Hydro) on an issue as significant as a termination right. In fact, the Receiver didn't seek confirmation from BC Hydro regarding termination rights under the EPA until September 11 (only four days before final bids were originally due on September 15), when it emailed a request for confirmation to BC Hydro. As you know, BC Hydro responded that it would not be waiving its termination rights via a telephone call on September 20, and in a meeting with the Receiver on September 25, followed with written confirmation in the September 29 Letter. It is further disturbing that the Receiver neglected to advise BC Hydro of the existence of the ongoing Sale Process until our meeting on September 25.

At the Meeting, we expressed concerns about the Receiver's representations regarding BC Hydro's EPA termination rights and you indicated that you had corrected this information to bidders subsequent to our meeting on September 25. We are assuming that you were referring to the following statement in Appendix D of the October 11 Letter, in the section entitled "Further Due Diligence and Meeting Requests (September 28, 2017)":

"The Receiver met with BC Hydro on September 26, 2017 to provide an update on the activities of the Receiver and anticipated next steps in relation to the interconnection

and sale process. The Receiver made a request that BC Hydro agree to a postponement of the Target COD under the EPA. BC Hydro has committed to consider this request and will meet the Receiver again in the week commencing October 2, 2017 to discuss further."

This statement to bidders includes both false and misleading information. Firstly, the reference to an "update" implies that BC Hydro was already aware of the Sale Process and was receiving an update to prior briefings in the meeting (which actually occurred on September 25, rather than September 26). In fact, BC Hydro only learned that the Sale Process existed at the September 25 meeting. This is very problematic for BC Hydro because the Receiver's statement to bidders could easily be interpreted to indicate that BC Hydro was aware of and even a participant in the design of the Sale Process that the Receiver has implemented, which of course is not true. Secondly, the Receiver's request that BC Hydro consider postponement of the Target COD under the EPA was not discussed at the September 25 meeting, but was delivered to BC Hydro in the Receiver's letter dated September 27. Furthermore, at the September 25 meeting we were clear in stating that BC Hydro has not waived any termination rights under the EPA (and we reiterated this point in the September 29 Letter), and we indicated that before we could consider options for resolving BC Hydro's EPA termination rights, we needed the Receiver to provide information regarding the Sale Process and its communications with bidders.

The Receiver's communication to bidders that BC Hydro had committed to consider the request to postpone the Target COD is again false and grossly misleading and provides unfounded comfort to potential bidders that BC Hydro had committed to consider a specific amendment to the EPA.

2. Receiver's Breach of the Confidentiality Provisions of the EPA

As outlined in the September 29 Letter, the Receiver has breached the confidentiality provisions in the EPA through the Sales Process. A template of the non-disclosure agreement between Receiver and each bidder (the "NDA") was attached as Appendix B to the October 11 Letter, and the Receiver has indicated that it has entered into the NDA with each of the entities that was granted access to the data room under the Sale Process. BC Hydro nonetheless remains deeply concerned about the Receiver's breach of the confidentiality of the EPA for the following reasons:

- BC Hydro has not consented to the Receiver sharing the EPA to third parties, and the Receiver did not advise BC Hydro that the EPA was being shared in advance.
- The term of the NDA is much shorter than the term of the confidentiality provisions in the EPA.
- Individuals with access to the data room were allowed to make copies of any documents therein (including the EPA), which creates a situation where it is impossible to monitor and control confidential information in the documents.
- The scope of the breach is broad, with NDAs being signed with 25 different interested parties and 47 individuals granted access to the data room.

The impact to BC Hydro of the Receiver's breach of the confidentiality provisions of the EPA has been exacerbated by the false and/or misleading statements that the Receiver has made to the above-referenced 25 interested parties regarding discussions with BC Hydro concerning the EPA. The resulting impacts to BC Hydro extend beyond the EPA and its potential future dealings related to the Sale Process, as the Receiver's false and misleading statements will potentially impact BC

Hydro's ability to negotiate commercial arrangements where similar circumstances arise in its other electricity purchase agreements.

To move forward, the Receiver needs to take the following action prior to discussions with BC Hydro regarding resolution of issues related to the EPA and the Sale Process:

1. **Enter into a NDA with BC Hydro related to discussions concerning the EPA**
 - a. Under this non-disclosure agreement, any releases of information concerning the discussions between the Receiver and BC Hydro will be subject to approval by BC Hydro (including those described in item 2 below).

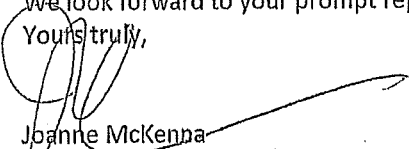
2. **Correct false and misleading statements made by the Receiver regarding discussions with BC Hydro concerning the EPA**
 - a. Retract the response to Question 9, of the "Additional Information Request – Responses (July 11, 2017)".
 - b. Correct the statement in "Further Due Diligence and Meeting Requests (September 28, 2017), regarding discussions with BC Hydro regarding the Receiver's request to Postpone COD.
 - c. Clarify that BC Hydro has a termination right under section 8.1(a) of the EPA effective September 30, 2017 (failure to reach COD within two years of Target COD) and under section 8.1(f) of the EPA (insolvency) and BC Hydro has not waived any rights under the EPA.
 - d. Clarify that BC Hydro and the Receiver are in discussions with BC Hydro concerning the status of the EPA.

3. **Provide the following information and documents to BC Hydro:**
 - a. Index listing of all documents in the data room
 - b. Written confirmation that the October 11 Letter includes all statements made by the Receiver concerning discussions with BC Hydro regarding the EPA.
 - c. Explanation of the redactions in the materials provided in the October 11 Letter
 - d. Details concerning the nature of the 27 entities that signed the NDA and the 25 different interested parties. We note that BC Hydro was advised by the Receiver at the Meeting that there were only 10 entities.
 - e. Copies of communications issued to bidders or posted in the data room that reference BC Hydro, interconnections or the EPA that are not included in the October 11 Letter

BC Hydro believes that the Receiver should consider suspension of the Sale Process, pending the outcome of discussions with BC Hydro, and that it would be imprudent for the Receiver to advise any bidder that its bid has been selected. In BC Hydro's view, only if and when an agreement has been reached with BC Hydro, the Receiver should select a short list of bidders and request an updated bid based on the amended EPA.

We look forward to your prompt reply.

Yours truly,


Joanne McKenna
Manager, Distributed Generation

THIS IS EXHIBIT "P" REFERRED TO IN THE AFFIDAVIT OF
JOANNE MCKENNA MADE BEFORE ME ON THE
28th DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

Date Nov. 20/17

Work Agreement Mtg

Paula
Melinda
Viz phone
Karin
Bruce

Mtg w/o prejudice - all agreed

- Status of sub process - OS
- where we're @ re: EMA Delante
& next steps

- Status update - PC
- ① - finalizing the peer review (which was completed by Sigma + has been shared with the potential bidder)
- ② Work @ interface has been temp. addressed + tested to ensure no leakage
- discussion shared - had add'l
- announcements - again temp. sol'n - wait for
- decision + permit permanent work
- EMA monitor agreed to de-notify
- work @ this site until wait for permits
- some work to lead to permit work

- sub process is stalled until the EMA issue is resolved

of binding, hrs (to 6?) - Delante to confirm
after action, still interest in the project

Account Dilante to provide us with a copy of the peer review from Sigma Engineering

Interconnection

- ESR rule - clear energy has not submitted 95% drawings - Hydro program - main project

Midgaard - Remission - FLNRO undertaking the permitting scheme - CN crossing / MOT crossing PC to let us know where Midgaard is at

- Likert FN - has approved (verbally) the rule. NO PC resolution yet - Sigma FN -> Chief Bill Williams has received the rule & approved it - however not brought forward to Board Council yet - hoping to get this done on the Council's agenda before end of Nov.

Shay (?) Bill meeting w Sigma & Johnson. Dilante has been asked to respond to guest from Sigma

- time bound bids are still alive - no formal process to exclude bids - bidders still engaged but delays could risk bids falling off

Miracle Bind Miracle Bind Miracle Bind

Date

Information - will be updated v. soon to ~~date~~

- Peer Review report

- 25% drawings from Clean Energy Inc

- verbal updates re: EPA status. Will put
a written update using Beth's wording.

PC

incl. comments from Dan (? Beth). Will
double check that the delivery team
is ok. to share these comments.

- access is open to all participants &
attorneys this way. (Some rationale
put forward b/c they're officers of
court).

- still has funding remaining from org \$2.5M
w/ ability to seek more funding.

IA - primary creditor still uncertain
what the final facts are + if there's \$
for the unsecured creditors. He has
some conditions precedent.

Bruce:

Need the NDA in place before we
can have the discussion re: the EPA
- will resolve this - we're seeking
expressions / amendments with the
NDA to remedy the remedies
rights.

Re: NDA signed

Date

BCH will make a proposal to Deloitte outlining the work we need from Deloitte to move forward

- BCH - to receive EMT & send to Deloitte hopefully by end of month.

② Command Line application + Row. Ham't really move forward - Deloitte not necessarily going to obtain approval from ENRO & PN approval.

- Reasons to the IBA are being worked in by Deloitte but may not be included

of Mail-lines NDA - Deloitte

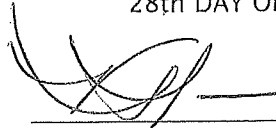
Delphond

Debned @ Ryan + Vic

BCH - likely not willing to ^{access} share the comments ~~share~~ to be shared with the Data team on feedback on the 95% drawings.

• I'll follow up w/ Shay

THIS IS EXHIBIT "Q" REFERRED TO IN THE AFFIDAVIT OF
JOANNE MCKENNA MADE BEFORE ME ON THE
28th DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: Chambers, Paul (CA - British Columbia) <pachambers@deloitte.ca>
Sent: November-20-17 3:17 PM
To: McKenna, Joanne; Chow, Bruce
Cc: McKie, Melinda (CA - British Columbia); Hefflick, Ryan; Rempel, Vic
Subject: Meeting Follow-up

Joanne / Bruce,

I confirm that this email is provided on the basis that the information herein will be kept strictly confidential, in accordance with the October 6, 2017 confidentiality agreement between the Receiver and BC Hydro.

Thanks for your time this morning. Please find below responses to your requests:

- 1) At the conclusion of the detailed due diligence phase of the sale process, the Receiver was in receipt of two binding, and four non-binding offers for the assets and undertakings of Wedgemount Power LP et al.
- 2) With respect to FLNRO's involvement with the interconnection design/approval process, any crossings of the Forest Service Road must be at the full height required for an active logging road. The approval of any FSR crossings will be dealt with in conjunction with the Crown land utility applications submitted to FrontCounterBC.
- 3) The Receiver's legal counsel will provide BC Hydro's legal counsel (Magnus Verbrugge) with a blackline to BC Hydro's proposed additional NDA in the next 24 hours.

As discussed, the Receiver will be adding an update to the Project data room this week. The Receiver intends to add the following update in relation to the EPA:

Q Update: Energy Purchase Agreement ("EPA")

A As previously advised, BC Hydro has a termination right under sections 8.1(a) and 8.1(f) of the EPA. BC Hydro has advised the Receiver that it has not waived any of its rights under the EPA. The Receiver is in discussions with BC Hydro in relation to the status of the EPA. The Receiver will provide an update on this matter and next steps in relation to the sale process in due course.

Please confirm by end of business on November 22 if this narrative is acceptable to BC Hydro.

Kind regards,

DELOITTE RESTRUCTURING INC.

In its capacity as Court-appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc., and not in its personal capacity

Paul Chambers

Vice President | Financial Advisory
Deloitte Restructuring Inc.
2800 - 1055 Dunsmuir Street, Vancouver, BC V7X 1P4
D: +1 (604) 640 3368 | M: +1 (604) 365 4465
pachambers@deloitte.ca | deloitte.ca

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IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

PLAINTIFF

AND:

WEDGEMOUNT POWER LIMITED PARTNERSHIP, WEDGEMOUNT POWER (GP) INC., WEDGEMOUNT POWER INC., THE EHRHARDT 2011 FAMILY TRUST, POINTS WEST HYDRO POWER LIMITED PARTNERSHIP by its general partner POINTS WEST HYDRO (GP) INC., CALAVIA HOLDINGS LTD., SWAHEALY HOLDING LIMITED, BRENT ALLAN HARDY, DAVID JOHN EHRHARDT, 28165 YUKON INC., PARADISE INVESTMENT TRUST and SUNNY PARADISE INC.

DEFENDANTS

AFFIDAVIT

BORDEN LADNER GERVAIS LLP
1200 - 200 Burrard Street
Vancouver, BC V7X 1T2
Telephone: (604) 687-5744
Attn: Magnus Verbrugghe/Lisa Hiebert
544441.001726