

CONSENT AND AMENDING AGREEMENT

THIS AGREEMENT made as of the 1st day of July 2009.

AMONG:

EPCOR REGIONAL POWER SERVICES LIMITED PARTNERSHIP, an Alberta limited partnership having a place of business in Edmonton, Alberta (herein referred to as "**ERPSLP**")

- and -

EPCOR POWER, L.P., an Ontario limited partnership having a place of business in Calgary, Alberta (herein referred to as "**EPLP**")

WHEREAS TransCanada Power L.P. ("**TransCanada**") and TransCanada Energy Ltd. ("**TEL**") entered into a second amended and restated management and operations agreement dated July 23, 2004 (the "**Original Operations Agreement**") pursuant to which TEL agreed to provide all operations and maintenance services required in connection with TransCanada's business and operation of the TransCanada power plants located in the provinces of Ontario and British Columbia, subject to and in accordance with the terms contained in the Original Operations Agreement;

AND WHEREAS TransCanada Pipelines Limited, TEL, TransCanada Power Marketing Ltd. and TC Power Operations Ltd., collectively as sellers, and EPCOR Utilities Inc. ("**EUI**"), 812287 Alberta Ltd., 812269 Alberta Ltd., ERPSLP and EPCOR Power Projects (Washington) Inc., collectively as buyers, entered into a purchase and sale agreement dated April 26, 2005 whereby, among other things, TEL agreed to sell and convey to ERPSLP, and ERPSLP agreed to accept and receive from TEL, its interest in the Original Operations Agreement;

AND WHEREAS the conveyance of TEL's interest in the Original Operations Agreement was evidenced by an assignment and novation agreement dated August 31, 2005 among TEL, ERPSLP and TransCanada (the "**Assignment and Novation Agreement**" and together with the Original Operations Agreement, the "**Operations Agreement**") under which ERPSLP was entitled to all of the benefits, rights, and privileges of TEL under the Original Operations Agreement as if ERPSLP had been originally named as a party to the Original Operations Agreement from and after the date thereof;

AND WHEREAS TransCanada now operates as EPLP;

AND WHEREAS EUI indirectly controls ERPSLP and EUI publicly announced on May 8, 2009 that it would undergo a reorganization (the "**Reorganization**") pursuant to which its power generation business would be sold to Capital Power Corporation ("**Capital Power**") and/or its subsidiaries and affiliates;

AND WHEREAS, pursuant to the Reorganization, control of ERPSLP will be directly or indirectly transferred from EUI to Capital Power;

AND WHEREAS EPLP is willing to consent to the Reorganization and to recognize and accept Capital Power as the new entity that indirectly controls ERPSLP effective as of the Effective Date;

NOW, THEREFORE, THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained herein the receipt and sufficiency of which are hereby acknowledged, the parties hereby respectively covenant and agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Unless otherwise defined, all capitalized terms used herein shall have the same meaning as ascribed to them in the Operations Agreement. In addition:

- (a) **"Agreement"** means this Agreement as it may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement;
- (b) **"Effective Date"** means the effective date of the Reorganization, which date shall be confirmed to EPLP in writing by ERPSLP promptly following the completion of the Reorganization. The effective date of the Reorganization shall be no earlier than July 1, 2009 and no later than December 31, 2009; and
- (c) **"Party"** or **"Parties"** means a person, estate, firm partnership or corporation who or which is now or hereafter becomes bound to this Agreement.

1.2 The recitals to this Agreement shall be considered part of this Agreement and are not severable from it.

1.3 This Agreement, together with the Operations Agreement, constitutes the entire agreement between the Parties hereto concerning the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof, except as specifically set forth in this Agreement or the Operations Agreement.

ARTICLE 2 - CONSENT

2.1 EPLP hereby: (a) consents to the Reorganization and accepts Capital Power as the new entity that indirectly controls ERPSLP under the Operations Agreement effective as of the Effective Date; (b) covenants and agrees that, from and after the Effective Date, the Operations Agreement shall continue in full force and effect; and (c) waives any and all rights to amend or terminate the Operations Agreement that may arise as a result of or in connection with the Reorganization.

- 2.2 As of and from the Effective Date, EPLP hereby expressly releases, relieves and discharges EUI and any of EUI's shareholders, directors, officers and employees, in their capacity as such, from all covenants, duties, obligations and liabilities, if any, arising out of or in connection with the Operations Agreement. The Parties hereby acknowledge and agree that as of and from the Effective Date: (i) ERPSLP shall hold the benefit of the release set out in this Section 2.2 for the benefit of EUI and any of EUI's affiliates, shareholders, directors, officers and employees; and (ii) EUI will receive a copy of this Agreement and is entitled to rely on and enforce the release contained in this Section 2.2.
- 2.3 As of and from the Effective Date, the Operations Agreement is hereby amended so that:
- (a) the definition of "EPCOR" in Section 1.1 is replaced with:

"Capital Power" means Capital Power Corporation, a corporation incorporated under the laws of Canada; and
 - (b) all references to "EPCOR" in the Operations Agreement are replaced with the term "Capital Power".

ARTICLE 3 - GENERAL

- 3.1 Notwithstanding anything to the contrary in this Agreement, this Agreement shall not be effective until the completion of the Reorganization and will be of no force or effect if the Reorganization is not completed by December 31, 2009.
- 3.2 The parties hereto shall do or cause to be done all such further acts and things and shall execute or cause to be executed all such further deeds, documents and instruments as may be reasonably necessary to give effect to this Agreement.
- 3.3 This Agreement may be amended or varied only by a written instrument signed by EPLP and ERPSLP.
- 3.4 This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta. Each Party hereby irrevocably attorns to the non-exclusive jurisdiction of the courts in the Province of Alberta.
- 3.5 Any notice or other document required or permitted to be given or delivered by either Party pursuant to this Agreement shall be delivered or sent by facsimile transmission to the following address or such other address as shall have been furnished in writing by such original recipient and for the purposes of section 12.6 (Notices) of the Operations Agreement, the addresses of the Parties shall be as follows:

in the case of ERPSLP:

EPCOR Regional Power Services Limited
Partnership
10065 Jasper Avenue
Edmonton, Alberta
T5J 3B1

Attention: Senior Vice President and Chief
Financial Officer
Facsimile: 780-412-3418

with a copy to:

Capital Power Corporation
TD Tower, 10188 -102 Avenue
Edmonton, Alberta
T5J 2Z1

Attention: Senior Vice President,
General Counsel and Corporate
Secretary
Facsimile: 780-392-5200

in the case of EPLP:

EPCOR POWER L.P.
c/o EPCOR Power Services Ltd.
10065 Jasper Avenue
Edmonton, Alberta
T5J 3B1

Attention: Senior Vice President and Chief
Financial Officer
Facsimile: 780-412-3418

with a copy to:

Capital Power Corporation
TD Tower, 10188 -102 Avenue
Edmonton, Alberta
T5J 2Z1


Attention: Senior Vice President,
General Counsel and Corporate
Secretary
Facsimile: 780-392-5200

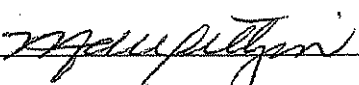
- 3.6 Time shall be of the essence in this Agreement.
- 3.7 This Agreement shall enure to the benefit of and be binding upon the Parties hereto together with their respective heirs, executors, administrators, successors and assigns.
- 3.8 This Agreement may be executed and delivered (including by facsimile or otherwise) in one or more counterparts, all of which, taken together, shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

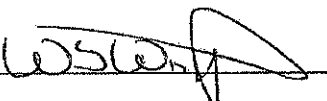
IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year first above written.


EPCOR REGIONAL POWER SERVICES LIMITED PARTNERSHIP, by its general partner, EPCOR Regional Power Services Inc.

EPCOR POWER L.P., by its general partner, EPCOR Power Services Ltd.

Per: 
John Patterson
Vice-President and Treasurer

Per: 
Mark Witzel
Senior Vice-President and Chief Financial Officer

Per: 
William Wright
Assistant Corporate Secretary

Per: 
John Patterson
Vice-President and Treasurer