

**MANAGEMENT AND OPERATIONS AGREEMENT  
AMENDING AGREEMENT**

THIS AGREEMENT made as of the 26<sup>th</sup> day of October, 2009.

**CP REGIONAL POWER SERVICES LIMITED PARTNERSHIP** (formerly EPCOR Regional Power Services Limited Partnership), an Alberta limited partnership and having a place of business in Edmonton, Alberta (herein referred to as "**CPRPSLP**")

- and -

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

**WHEREAS** CPRPSLP and Power LP are party to the Second Amended and Restated Management and Operations Agreement dated effective July 23, 2004 between Power L.P. (under a previous name "TransCanada Power, L.P.") and TransCanada Energy Ltd., as amended by an assignment and novation agreement dated August 31, 2005 among TransCanada Energy Ltd., CPRPSLP and Power LP, and as further amended by a consent and amending agreement made as of July 1, 2009 between CPRPSLP and Power LP (collectively, the "**Management and Operations Agreement**");

**AND WHEREAS** pursuant to a memorandum of agreement (the "**MOA**") dated June 7, 2009 among Power L.P., EPCOR Utilities Inc. and Capital Power Corporation, the parties thereto agreed to cause the Management and Operations Agreement to be amended as contemplated therein;

**AND WHEREAS** CPRPSLP has changed its name from "EPCOR Regional Power Services Limited Partnership" to "CP Regional Power Services Limited Partnership";

**AND WHEREAS** the parties have agreed to amend the Management and Operations Agreement in accordance with the terms contained herein;

**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 Management and Operations Agreement.

**ARTICLE 2**  
**AMENDMENTS**

- 2.1 Effective as of 11:59:59 p.m. on June 30, 2009, the Management and Operations Agreement is hereby amended so that:
- (a) The following definitions are added to Section 1.1 of the Management and Operations Agreement:
- "Annual Distributable Cash Flow" means cash flow from operating activities before changes in non-cash operating working capital plus dividends from Primary Energy Recycling Holdings LLC, less scheduled debt repayments and maintenance capital (but not growth capital). For the purpose of this definition, maintenance capital is all capital required to maintain the generating plants in normal operating condition in accordance with good operating practice and excludes growth capital (which capital increases productive capacity and is economically justified as accretive to distributable cash flow);
- "Cash Distributions" means distributions made to Unitholders of the Partnership pursuant to Section 5.2 of the Limited Partnership Agreement;
- (b) The following definition shall be deleted from Section 1.1 of the Management and Operations Agreement:
- "Adjusted Distributable Cash"
- (c) Section 4.2, 4.3, 4.4 and 4.5 of the Management and Operations Agreement are deleted and replaced by the provisions in Schedule "A" to this Agreement.

**ARTICLE 3**  
**GENERAL**

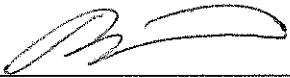
- 3.1 Except as specifically amended hereby, the Management and Operations Agreement remains in full force and effect unamended.
- 3.2 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.
- 3.3 Power LP and CPRPSLP shall do or cause to be done all 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 for the purpose of completing the transaction contemplated by this Agreement.
- 3.4 This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

3.5 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.

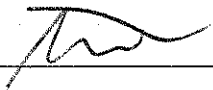
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

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

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

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## SCHEDULE "A"

### 4.2 Base Fee

The Partnership hereby agrees to pay the Manager a base fee (the "Base Fee") in consideration of the provision of the Services by the Manager in each Fiscal Year of the Partnership equal to 1% of Cash Distributions. The amount of the Base Fee shall be estimated in the Annual Management Plan and instalments on account thereof shall be paid on or before the 5<sup>th</sup> day after the end of each calendar month during a Fiscal Year. The Base Fee for a Fiscal Year shall be finally determined and settled within 60 days following the end of a Fiscal Year and any necessary adjusting payments shall be made between the parties without interest within 5 days of such settlement.

The Base Fee shall be paid during the term hereof whether or not any Incentive Fee, as hereafter described, is payable.

### 4.3 Incentive Fee

The Partnership hereby agrees to pay the Manager an annual incentive fee (the "Incentive Fee") in respect of each Fiscal Year during the term hereof, payable on or before April 15<sup>th</sup> of the year immediately following the Fiscal Year in respect of which an Incentive Fee is payable as hereafter provided. Notwithstanding any other provision of this Agreement, the Parties agree that the Incentive Fee is not and will not be considered a mechanism for cost recovery by the Manager.

### 4.4 Incentive Fee Rate

The Incentive Fee in respect of any applicable Fiscal Year shall be 10% of all Annual Distributable Cash Flow in excess of \$2.40 per Limited Partnership Unit (after taking into account the Incentive Fee amount) in respect of such Fiscal Year, provided that the Incentive Fee for the period from July 1, 2009 to December 31, 2009 shall be calculated based on one-half of the Incentive Fee otherwise payable in respect of the 2009 Fiscal Year, and shall only be payable to the extent that Annual Distributable Cash Flow for the full 2009 Fiscal Year exceeds \$2.40 per Limited Partnership Unit.

The Base Fee and the Incentive Fee shall be accrued by the Partnership in the Fiscal Year in respect of which they are calculated.

### 4.5 Principles of Calculation

The following principles shall apply in calculating the Base Fee and the Incentive Fee, as the case may be:

- (a) Cash Distributions in respect of an applicable Fiscal Year will include, in respect of the 2009 Fiscal Year, Cash Distributions paid to Limited Partners of record on March 31, June 30, September 30 and on the last day of each of the calendar months of October, November and December, and, in respect of each Fiscal Year thereafter, on the last day of each calendar month of such applicable Fiscal Year;
- (b) should this Agreement be terminated during any calendar year, the Incentive Fee amount shall be prorated based on the Annual Distributable Cash Flow of the Partnership in respect of the portion of the year prior to the effective date of the termination of this Agreement and Annual Distributable Cash Flow shall be determined on a 12 month basis for each Fiscal Year; and
- (c) the Incentive Fee shall be calculated annually and accrued by the Partnership in the calendar year in respect of which the Incentive Fee is calculated.