Province of British Columbia
Water Sustainability Act

CONDITIONAL WATER LICENCE

The holder of the Crown land tenure, covering the land to which this licence is appurtenant, is hereby authorized to divert and use water as follows:

a) The streams on which the rights are granted are Box Canyon Creek, Box Trib 1, Box Trib 2; Marty Creek, Marty Trib 1, Marty Trib 2, Marty Trib 3, Marty Trib 4; and Cascara Creek.

b) The points of diversion on Box Canyon Creek, denoted by PD76933 at an elevation of 565 masl, tributaries PD184784, PD184783; on Marty Creek, denoted by PD81354 at an elevation of 581 masl, tributaries PD184793, PD184794, PD184795, PD184796; and on Cascara Creek, denoted by PD81353 at an elevation of 600 masl, are located as shown on the attached plan.

c) The date from which this licence shall have precedence is May 6, 2002.

d) The purpose for which this licence is issued is power and the category for the power is general. The power is to be generated with the Box Canyon Generating System.

e) The maximum quantity of water which may be diverted and used under this licence is 3.96 cubic metres per second, in accordance with the following:

1. From Box Canyon Creek, the maximum quantity of water which may be diverted and used under this licence is 1.25 cubic metres per second, subject to the following:
   a) the licensee shall maintain in Box Canyon Creek, measured at the works, or immediately downstream of the point of diversion, a minimum flow as per Schedule "A."
   b) From Box Trib 1 and Box Trib 2, a maximum combined quantity of 0.125 cubic metres per second may be diverted to the Box Canyon Creek point of diversion.
2. From Marty Creek, the maximum quantity of water which may be diverted and used under this licence is 1.31 cubic metres per second, plus the water diverted from the Cascada Creek point of diversion, subject to the following:
   a) the licensee shall maintain in Marty Creek, measured at the works, or immediately downstream of the point of diversion, a minimum flow as per Schedule "A."
   b) from Marty Trib 1, a maximum quantity of 0.065 cubic metres per second may be diverted to the Marty Creek point of diversion.
   c) from Marty Trib 2, Marty Trib 3, and Marty Trib 4, a maximum combined quantity of 0.078 cubic metres per second may be diverted to the Marty Creek point of

diversion.

3. From Cascara Creek, the maximum quantity of water which may be diverted and used under this licence is 1.40 cubic metres per second, subject to the following:
   a) the licensee shall maintain in Cascara Creek, measured at the works, or immediately downstream of the point of diversion, a minimum flow as per Schedule "A."
4. A minimum flow as ordered under clause (m) or (p) by the Water Manager.

f) The period of the year during which the water may be used is the whole year.

g) The land upon which the water is to be used and to which the licence is appurtenant is the land on which the powerhouse of the Box Canyon Generating System is situated, held under Lands File 2408258.

h) The works authorized for the Box Canyon Generating System are:

1. intakes and pipes for the Box Canyon Creek and tributaries diversion;
2. intakes and pipes for the Marty Creek and tributaries diversion;
3. intake and diversion pipeline for the Cascara Creek diversion;
4. penstock;
5. a powerhouse, tailrace and switch yard; and
6. 138 kV transmission line;

which shall be located approximately as shown on the attached plans.

i) The construction of the said works shall be completed and the water shall be beneficially used prior to December 31, 2016. Thereafter, the licencee shall continue to make regular beneficial use of the water in the manner authorized herein.

j) Before commencing construction of the works authorized under clause (h) of this licence, the licensee must to the satisfaction of the Engineer under the Water Sustainability Act (the "Engineer") or the Water Manager:

1. Retain to the satisfaction of the Water Manager, a Professional Engineer registered in the Province of British Columbia (the "Independent Engineer") who will provide services to the Engineer for the regulation of construction of the works;
2. Retain to the satisfaction of the Water Manager, a person with professional qualifications (the "Environmental Monitor") who will monitor environmental impacts from the construction of works;
3. Submit, the following:
   a) plans that show the general arrangement of the works;
   b) criteria for the design of the works;
   c) criteria for the operation of the works;
   d) a schedule for the construction of the works; and
      1) a construction environmental management plan (CEMP) for the management and mitigation of construction impacts;
      2) an operational environmental management plan (OEMP);

3) submit a Terms of Reference (TOR) for a Ramping Study to monitor ramping on Box Canyon Creek, Marty Creek, Cascara Creek, and portions of McNab Creek;
4) submit a Terms of Reference (TOR) for a Connectivity Study to assess connectivity on Box Canyon Creek, Marty Creek, Cascara Creek, and portions of McNab Creek;

4. Obtain Leave to Commence Construction (LCC) in writing from the Engineer, or the Water Manager.

k) Before undertaking construction of any component of works for which LCC issued under (j)(4), the licensee must:

1. Ensure that the design drawings for the works to be constructed are signed and sealed by a Professional Engineer registered in the Province of British Columbia (the "Design Engineer");
2. Ensure that a Professional Engineer registered in the Province of British Columbia (the "Construction Engineer") supervises the construction of the works; and

Obtain letter from the Independent Engineer that the actual construction of that component work may precede.

l) Before commencing operation of the works authorized under clause (h), the licensee must:

1. Submit a report for acceptance by the Water Manager on the Operational Parameters and Procedures (OPPR) for the operation of the works;
2. Implement an Operational Environmental Monitoring Plan (OEMP) to the satisfaction of the Water Manager;
3. Implement the Ramping Study to the satisfaction of the Water Manager;
4. Submit the Connectivity Study for approval of the Water Manager;
5. For the three main intakes submit a draft Operation, Maintenance and Surveillance Manual, and an Emergency Preparedness Plan for acceptance by a Dam Safety Officer under the Water Sustainability Act, or the Water Manager; and

Obtain Leave to Commence the diversion and use of water authorized in this licence in writing from the Water Manager.

m) The licencee must operate the works authorized under clause (h) above in accordance with procedures ordered by the Water Manager, including any order for the regulation of the diversion, rate of the diversion, and use of the water as may be required for the preservation of fish, wildlife, or navigation.

n) The licensee must:

1. Design an OEMP to determine the nature of any impacts on fish and fish habitat, which includes data to allow for statistically supportable quantification of impact to baseline conditions over time to the satisfaction of the Water Manager;
2. Implement the program to the satisfaction of the Water Manager;

3. Continue the program for five years following the commencement of operation of the works or to the satisfaction of the Water Manager;
4. Submit annual reports summarizing the results of the monitoring program to the Water Manager, within 30 days of November 6, or 210 days pass the date of precedence specified in clause (c);
5. At the completion of the monitoring program, prepare a report that identifies the nature of any impacts on fish and wildlife and implement the appropriate mitigation and/or compensation to the satisfaction of the Water Manager; and
6. Based on annual monitoring of changes to the fish abundance or aquatic species parameters, the Water Manager may require the licensee to undertake the following:
    a) Submit detailed information or additional studies;
    b) Implement an action plan to resolve specific situations; or
    c) Prepare a mitigation or habitat compensation plan.

o) The Final Operation, Maintenance and Surveillance (OMS) Manual and Emergency Preparedness Plan (EPP) must be submitted to the Water Manager during the first year of operation.

p) The licensee must provide a minimum flow as required under clause (e) above in accordance with procedures ordered by the Water Manager, including any order to change the minimum flow as to achieve a connectivity or ramping condition in the stream.

q) The project operational term of this licence is for a period of 40 years commencing from April 1, 2016.

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Water Manager