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June 4, 2007

BY ELECTRONIC and U.S. MAIL

Marcia Spencer Famous, Senior Planner
Maine Land Use Regulation Commission
22 State House Station
Augusta, ME 04333

Re: Kibby Wind Power Project, Zoning Petition ZP 709

Dear Marcia:

TransCanada is providing the following supplemental material in support of its pending Kibby Wind Power Project application: (1) information regarding post-construction avian and bat mortality studies; and (2) information regarding a conservation package. Each of these items is discussed below.

A. Post Construction Avian and Bat Mortality Studies

TransCanada has met with IF&W and USF&W to discuss the scope and extent of post-construction avian and bat mortality studies and will develop site-specific protocols for the project. Based on those discussions, we anticipate finalizing the scope and extent of post-construction studies as part of the final plan approval, not as part of the preliminary plan approval. Nonetheless, we appreciate that some parties would like to better understand the anticipated scope of post-construction monitoring activities. Accordingly, TransCanada would like to clarify that it will include the following minimum elements as part of its final post-construction studies:

- a. All studies will be paid for by TransCanada.
- b. Protocols will include standardized searches at multiple turbine sites during periods of peak migratory activity.
- c. Details of the scope will be determined in consultation with IF&W and USF&W and will include details related to searcher efficiency, scavenging rates, and carcass identification/storage/removal.
- d. As in the past, TransCanada will share the protocol and study details with Maine Audubon and NRCM, which have expressed particular interest in this topic.

- e. TransCanada will conduct a root cause analysis of significant injuries/fatalities in consultation with IF&W and LURC and according to the timing outlined in Section 2.6.1.3 of its LURC application.
- f. Mortality monitoring will occur for a minimum of two years, not necessarily in the first two years post-construction. In addition, if requested by IF&W, TransCanada will conduct a third year of monitoring.
- g. Multiple year, multiple location surveys are anticipated and will be based on details determined in consultation with IF&W and USF&W.

B. Conservation Package

Over the last year and a half, TransCanada has consulted with landowners, local interest groups, environmental organizations, state and regulatory officials, and other interested stakeholders to share project information, identify local priorities, and solicit input on the project. This process has facilitated development of a project that (i) meets the needs of the people who live and work in the region, and (ii) is consistent with the energy, environmental and regulatory priorities in the State. While we believe that the April 2007 Application satisfies each and every standard under LURC's D-PD criteria, TransCanada also appreciates that the project area is an important and valuable resource to the State of Maine, and that areas above 2,700 feet are afforded special protection under LURC's zoning standards. As a result of its ongoing consultation with Maine Audubon, the Natural Resources Council of Maine, and the Appalachian Mountain Club, TransCanada has made a decision to include the following additional measures to protect mountain and other environmental resources in the State.

First, TransCanada will forgo using its exclusive rights to develop wind facilities on approximately 1,324 acres of land above 2,700 feet located proximate to the project area. As set forth in the Summary of Right, Title and Interest included in its April 2007 Application, upon exercise of the option agreement with GE Wind Energy, LLC, TransCanada will hold the exclusive wind development rights to four ridges located in Franklin County, including Kibby Mountain (the "A Series"), Kibby Range (the "B Series"), Caribou Mountain ("the "C Series"), and an unnamed ridge located south of Caribou Mountain (the "D Series"). A map depicting the location and LURC zoning for Series A through D is attached as Exhibit A. In ZP-709, TransCanada is proposing to rezone the southern portion of the A Series and all of the B Series, which include a total of 1,834 acres located above 2,700 feet, although only a small portion, approximately 242 acres, of the area above 2,700 feet will be directly impacted by the project

The early consideration of layout for the Kibby Wind Power Project focused on all four ridgelines, although TransCanada undertook more detailed environmental assessments for and has proposed development of only the B Series and the southern portion of the A Series. The northern portion of the A Series is adjacent to the project development area and consists of 349.8 acres, all of which is above 2,700 feet. The C Series is within approximately 4 miles of and west and north of the A Series development area and consists of approximately 331.7 acres, all of which is above 2,700 feet. The D Series is approximately 2 miles west of the southerly A Series development area and consists of 642.7 acres, all of which is above 2,700 feet. As a

result, TransCanada will effectively protect 1,324.2 acres of land above 2,700 feet and proximate to the Project site from future wind development.

Development of the C and D Series, as well as the northern portion of the A Series, would result in potentially greater environmental impacts and therefore TransCanada believes it is particularly beneficial to limit development to the footprint proposed. First, based on field reconnaissance, there is not a well established road network present in the C and D Series and, therefore, development of those areas would require more road construction. Moreover, because the terrain is generally steeper, there would be an increased need for switch backs and other specialized construction techniques. As noted in Section 2.2.3 of the Application, these were some of the considerations that led TransCanada to focus its development efforts on the A and B Series.

In addition, there are a number of habitat considerations that suggest the C and D Series and northern portion of the A Series have greater ecological value. For example, TransCanada's evaluation of habitat characteristics identified subalpine forest on C and D, as well as in the northern portions of the A Series. Maine Natural Areas Program ("MNAP") has visited the A Series and determined that the forest on the more northerly portions of the A Series is more characteristic of subalpine forest communities than the area subsequently identified for development (as outlined in its letter dated September 27, 2006, and provided in Appendix 7-A of the Application). In addition, early field reconnaissance noted habitat characteristics on a significant area of the C and D Series ridges that is suitable for Bicknell's thrush. Detailed studies for the proposed development area on the B Series ridges and the southern part of the A Series ridge have confirmed that suitable Bicknell's thrush habitat in those areas is limited. See Section 7.6.3 of the Application. Finally, daytime avian migrants during the fall season were observed to use the northern A Series ridgeline for updrafts, and this part of the A Series ridge as well as the D Series ridge had the greatest number of raptor and non-raptor crossings of the project area in the course of migratory travel through the project area. Similarly, in the spring daytime avian migration survey, the northern portion of the A Series had the greatest number of raptor crossings, while the D Series experienced the greatest number of non-raptor crossings. See generally Section 7.6.3 of the Application.

In short, the C and D Series and the northern portion of the A Series appear to have superior habitat value than the areas proposed for development.

If and when TransCanada obtains all final and non-appealable regulatory approvals necessary for development of the Kibby Wind Power Project and exercises its option agreement with GE Wind Energy, LLC, TransCanada will forgo using its exclusive rights to develop wind power facilities on Series C, Series D and the northern portion of Series A that is not currently proposed for development. This agreement will be memorialized by execution and recording of a Memorandum of Agreement substantially in the form presented as Exhibit B. While this type of land protection may not be required by the D-PD regulations, TransCanada believes that protecting these areas will provide an important additional public benefit.

Second, TransCanada will contribute to funding the permanent conservation of approximately 750 acres of ecologically significant high elevation habitat and important backcountry recreation lands in Maine's Mahoosuc Mountain range. These lands are part of the 3,400-acre Grafton Notch-Stowe Mountain acquisition project in the Town of Newry that is actively being pursued by the State in partnership with the Trust for Public Land ("TPL"). The proposed acquisition will be added to over 31,000 acres of abutting conservation lands including the Mahoosuc Public Lands Unit and Grafton Notch State Park. TPL has entered into a purchase option agreement on the property with the hope that sufficient public and private funds can be raised by June, 2008, when the current option expires. A map depicting the approximate area proposed for protection is attached as Exhibit C. This map has been prepared for illustrative purposes only and a more detailed description of the lands proposed for preservation will be provided at a later date.

The conservation lands to be protected through TransCanada's contribution include approximately 3 miles of a mountain ridgeline encompassing the upper elevations of Bald Mountain, Stowe Mountain and Sunday River Whitecap at elevations ranging from 2,000 to 3,300 feet. An exemplary natural community, Crowberry - Bilberry Summit Bald, is located along the ridge of Sunday River Whitecap. According to the Maine Natural Areas Program, "Crowberry - Bilberry Summit Balds are rare (S3) natural communities, and only five examples have been documented in the state. Sites with this community are on very exposed bedrock summits or upper mountain slopes in western Maine and only sustain patchy vegetation, including low mats of crowberry and alpine bilberry." This exemplary natural community totals 37 acres about half of which is located on the Stowe Mountain parcel. Rare alpine plants found on the upper elevations of Sunday River Whitecap include mountain sandwort, alpine blueberry, *Diapensia* and Appalachian clubmoss.

The conservation lands to be preserved by TransCanada also include a protected trail corridor along approximately 4 miles of the Grafton Loop Trail, a new 42-mile backcountry hiking trail (34 miles of new trail and 8 miles of the Appalachian Trail). The Trail connects a series of scenic peaks in the Mahoosucs including Old Speck, Puzzle Mountain, Lightning Ledge, Bald Mountain, Stowe Mountain and Sunday River Whitecap, as well as other natural features in the Grafton Notch Region. It greatly expands hiking and backpacking opportunities in this spectacular mountain area, providing a much-needed alternative to one of the most sensitive and heavily used sections of the Appalachian Trail (the Mahoosuc Notch section). The eastern portion of the trail (east of Route 26) opened to the public in 2003 and the western portion of the trail (including the Stowe mountain segment) is scheduled to open at the end of June 2007.

TransCanada's financial contribution to the Grafton Notch-Stowe Mountain acquisition has two critically important benefits:

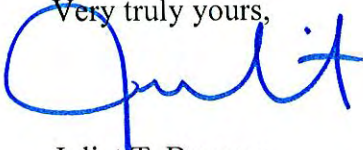
- 1) It seeks to ensure that the sensitive high elevation lands and the trail corridor will be fully preserved in their current undisturbed condition. Under the existing purchase agreement between TPL and the landowner, the landowner reserves the right to

harvest timber for up to five years. With the funds committed by TransCanada, TPL will seek to restructure its purchase agreement to prohibit all timber harvesting on this portion of the property, thereby fully preserving its ecological and recreational values.

- 2) The TransCanada contribution increases the ability of TPL and the State of Maine to successfully complete this project prior to expiration of the purchase option in June, 2008. To date, no public funds have been secured for the Stowe Mountain project, though a federal funding request is pending before Congress. The current high demand for land acquisition funding in Maine combined with extremely limited resources make it extremely difficult to complete a major acquisition such as the Stowe Mountain parcel. TransCanada's contribution will provide important leverage for TPL's and the State's efforts to secure the necessary funds before TPL's contract expires.

If TransCanada obtains all final and non-appealable regulatory approvals necessary for construction and operation of the Kibby Wind Power Project and exercises its option with GE Wind Energy, LLC, it will deposit into an escrow account \$500,000 to be used to permanently preserve approximately 750 acres as described above. This agreement will be memorialized by execution of an escrow agreement substantially in the form presented as Exhibit D. In the event that TPL is unable to acquire the designated lands, the \$500,000 will be redirected to another project that provides similar ecological and recreational benefits, as is set forth in Exhibit D. This conservation effort will provide additional public benefits beyond those already in the application.

Thank you for your consideration of these additional materials, and as always, if you have any questions, please do not hesitate to contact me.

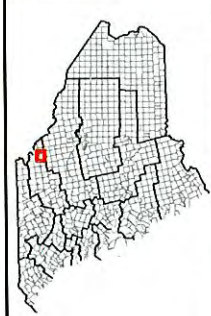
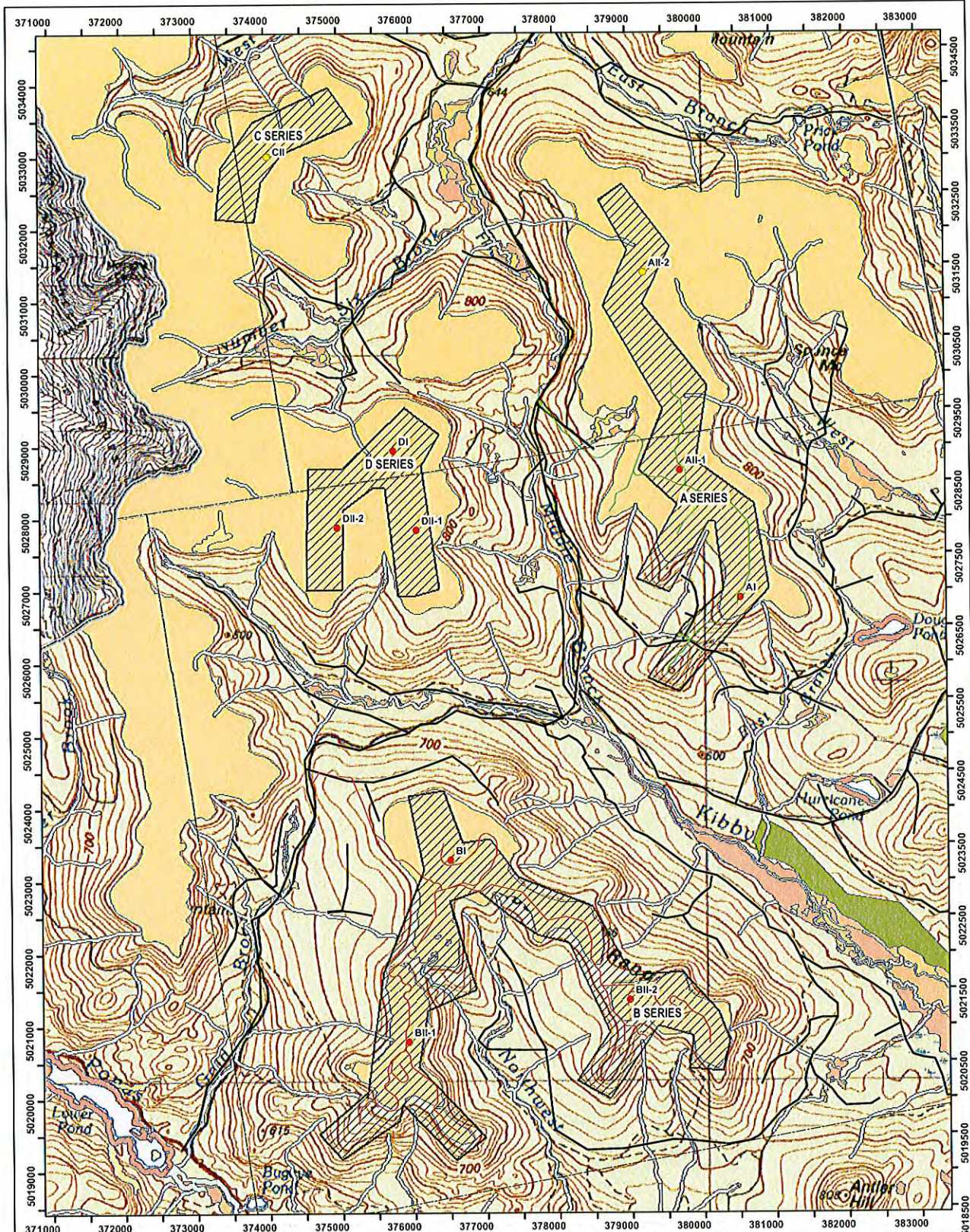
Very truly yours,


Juliet T. Browne

JTB/prf

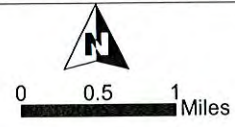
cc: Nick Di Domenico (w/enc.)
Christine Cinnamon Langille (w/enc.)
Lynn Gresock (w/enc.)
Suzanne Scott (w/enc.)
Russell Hagen (w/enc.)
Jim Kraft (w/enc.)

EXHIBIT A



Legend	
Areas Subject to Exclusive Wind Development Rights	Land Use Protection Subdistricts
Series A Road Alignment	p-fw: Fish and Wildlife
Series B Road Alignment	p-gp: Great Pond
Existing Logging Road System	p-ma: Mountain Area
Met Tower Locations Status	p-rr: Recreation
Future	p-sg: Soil and Geology
Proposed	p-sl: Shoreland Zone 1
	p-sl2: Shoreland Zone 2
	p-ua: Unusual Area
	p-wf1: Wetland Zone 1
	p-wf1ow: Wetland Zone 1 Open Water
	p-wf2: Wetland Zone 2
	p-wf3: Wetland Zone 3

Notes: Coordinate Grid: NAD83 UTM, Zone 19N, Meters



TRC 249 Western Ave
Augusta, ME 04330

Kibby Wind Power Project
Project Location Map
LURC and Land Use Mapping

Figure: 1

INFORMATION DERIVED HEREON IS FOR REFERENCE PURPOSES ONLY AND IS COMPILED FROM BEST AVAILABLE SOURCES. THE STATE MAKES NO REPRESENTATION OR WARRANTY FOR ERRORS ARISING FROM THE USE OF THIS MAP.

EXHIBIT B

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT is entered into as of the ____ day of _____, 2007 by TRANSCANADA MAINE WIND DEVELOPMENT INC., a Delaware corporation with a mailing address of 55 Yonge Street, 8th Floor, Toronto, Ontario, Canada, M5E 1J4 (“TransCanada”), for the benefit of Maine Audubon, with a mailing address of 20 Gilsland Farm Road, Falmouth, Maine 04105, Natural Resources Council of Maine, with a mailing address of 3 Wade Street, Augusta, Maine 04330, and the Appalachian Mountain Club, with a mailing address of 5 Joy Street, Boston, Massachusetts 02108, (collectively the “Environmental Organizations”).

WHEREAS, TransCanada holds certain exclusive easement rights, pursuant to that certain Grant of Easement and Easement Agreement dated April 15, 1992, a short form of which being recorded at the Franklin County Registry of Deeds in Book 1297, Page 235, as amended and affected by First Amendment to Easement Agreement dated February 18, 1993 and recorded at said Registry in Book 1362, Page 265, Partial Release of Property dated April 14, 1994 and recorded at said Registry in Book 1464, Page 159, Assignment dated May 19, 1997 and recorded at said Registry in Book 2076, Page 256, Partial Release of Property dated November 12, 1998 and recorded at said Registry in Book 2122, Page 281, Assignment dated May 10, 2002 and recorded at said Registry in Book 2173, Page 345, and Assignment dated _____ and recorded at said Registry in Book ____, Page ____ (collectively, the “Easement”), to construct, install, maintain, and operate “Windpower Facilities” (as defined in the Easement) upon approximately 3,767 acres of “Property” in Franklin County, Maine (more particularly described in the Easement);

WHEREAS, TransCanada has proposed the development of an approximately 132 megawatt wind energy development project on the Property, as well as an associated 115 kV transmission line (collectively the “Kibby Wind Power Project”);

WHEREAS, the Environmental Organizations and TransCanada agree that a necessary component for the successful permitting and development of the Kibby Wind Power Project includes TransCanada’s commitment not to develop Windpower Facilities on certain portions of the Property;

NOW, THEREFORE, for good and valuable consideration received, TransCanada hereby covenants and agrees, for itself and its successors and assigns, that no Windpower Facilities will be constructed or installed pursuant to the Easement on those portions of the Property specifically described on Schedule 1 attached hereto and made a part hereof.

This covenant shall run with TransCanada and its successors and assigns with respect to the Easement, and shall be enforceable by the Environmental Organizations, their successors and assigns.

IN WITNESS WHEREOF, TransCanada has caused this instrument to be executed as of the date first above written.

WITNESS:

TRANSCANADA MAINE WIND DEVELOPMENT INC.

By: _____
Name: _____
Its: _____

State of _____
County of _____, SS _____, 200__

Then personally appeared the above-named _____ in his/her capacity as _____ of TransCanada Maine Wind Development Inc. and acknowledged the foregoing instrument to be his/her free act and deed in said capacity and the free act and deed of TransCanada Maine Wind Development Inc.

Before me,

Notary Public

WITNESS:

TRANSCANADA MAINE WIND DEVELOPMENT INC.

By: _____
Name: _____
Its: _____

State of _____
County of _____, SS _____, 200__

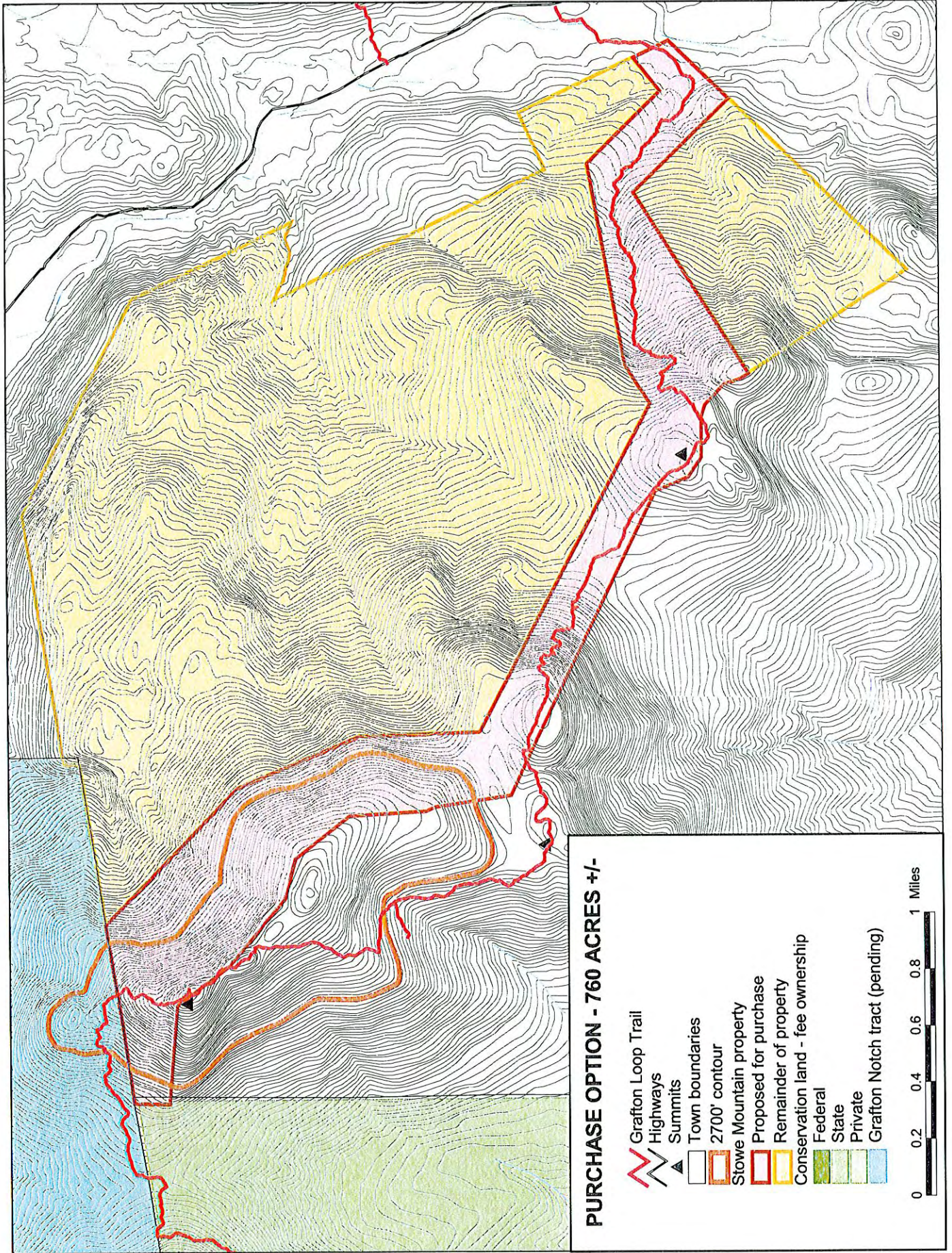
Then personally appeared the above-named _____ in his/her capacity as _____ of TransCanada Maine Wind Development Inc. and acknowledged the foregoing instrument to be his/her free act and deed in said capacity and the free act and deed of TransCanada Maine Wind Development Inc.

Before me,

Notary Public

Schedule 1
Description of Protected Property

EXHIBIT C



PURCHASE OPTION - 760 ACRES +/-














-  Grafton Loop Trail
-  Highways
-  Summits
-  Town boundaries
-  2700' contour
-  Stowe Mountain property
-  Proposed for purchase
-  Remainder of property
-  Conservation land - fee ownership
-  Federal
-  State
-  Private
-  Grafton Notch tract (pending)



EXHIBIT D

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made by and between MAINE AUDUBON, 20 Gilsland Farm Road, Falmouth, Maine 04105, NATURAL RESOURCES COUNCIL OF MAINE, with a mailing address of 3 Wade Street, Augusta, Maine 04330, and APPALACHIAN MOUNTAIN CLUB, 5 Joy Street, Boston, Massachusetts 02108, (collectively, "Environmental Organizations"), TRANSCANADA MAINE WIND DEVELOPMENT INC., a Delaware corporation with a mailing address of 55 Yonge Street, 8th Floor, Toronto, Ontario, Canada, M5E 1J4 ("TransCanada"), and VERRILL DANA, LLP, a Maine limited liability partnership with a mailing address of One Portland Square, Portland, Maine 04112-0586 (the "Escrow Agent").

WHEREAS, TransCanada holds certain exclusive easement rights, pursuant to that certain Grant of Easement and Easement Agreement dated April 15, 1992, a short form of which being recorded at the Franklin County Registry of Deeds in Book 1297, Page 235, as amended and affected by First Amendment to Easement Agreement dated February 18, 1993 and recorded at said Registry in Book 1362, Page 265, Partial Release of Property dated April 14, 1994 and recorded at said Registry in Book 1464, Page 159, Assignment dated May 19, 1997 and recorded at said Registry in Book 2076, Page 256, Partial Release of Property dated November 12, 1998 and recorded at said Registry in Book 2122, Page 281, Assignment dated May 10, 2002 and recorded at said Registry in Book 2173, Page 345, and Assignment dated _____ and recorded at said Registry in Book ____, Page ____ (collectively, the "Easement"), to construct, install, maintain, and operate "Windpower Facilities" (as defined in the Easement) upon approximately 3,767 acres of "Property" in Franklin County, Maine (more particularly described in the Easement);

WHEREAS, TransCanada has proposed development of an approximately 132 megawatt wind energy development project located on certain ridges that are subject to the Easement, and an associated 115 kV transmission line (collectively the "Kibby Project"), and has now obtained all final and non-appealable approvals to construct and operate the Kibby Project; and,

WHEREAS, TransCanada has agreed to deposit into escrow funds to be used for conservation efforts.

NOW, THEREFORE, in consideration of the foregoing, Environmental Organizations, TransCanada, and the Escrow Agent hereby agree as follows.

1. Escrow Payment. Upon execution hereof, TransCanada has paid to the Escrow Agent \$500,000 (the "Escrow Payment"), the receipt of which is hereby acknowledged by Escrow Agent. Escrow Agent shall hold the Escrow Payment in accordance with the following terms and conditions.
2. Stowe Mountain Parcel Condition. The Escrow Payment shall be deposited by Escrow Agent into an interest-bearing bank account, and Escrow Agent shall hold the Escrow Payment in such account until Environmental Organizations and TransCanada confirm by written notice to the Escrow Agent that the conditions set forth in the Memorandum of

Understanding between TransCanada and The Trust for Public Land, a copy of which being attached hereto as Schedule 1, have been met. Upon receipt of such written notice from both the Environmental Organizations and TransCanada, Escrow Agent shall deliver the Escrow Payment (together with any accrued interest) to The Trust for Public Land, in which event the Escrow Agent shall have no further obligations hereunder.

3. Alternative Land Conservation Project. In the event the aforementioned conditions set forth in the Memorandum of Understanding between TransCanada and The Trust for Public Land are not satisfied, then Environmental Organizations and TransCanada agree to cooperate in good faith to select an alternative land conservation project in Maine to which the Escrow Payment shall be donated. Environmental Organizations shall utilize the criteria listed below to identify one or more alternative land conservation projects: , and TransCanada shall not unreasonably withhold its consent to one of the alternative conservation projects selected by Environmental Organizations. Escrow Agent shall hold the Escrow Payment in the aforementioned account until it has received consistent written instructions from both the Environmental Organizations and TransCanada on where to deliver the Escrow Payment. Upon receipt of such written instructions, Escrow Agent shall deliver the Escrow Payment (together with any accrued interest) to the entity so designated by Environmental Organizations and TransCanada, in which event the Escrow Agent shall have no further obligations hereunder.

The primary criterion for selection of an Alternative Land Conservation Project shall be the inclusion of lands above 2,700 in elevation. The extent of such lands shall be an important consideration as to whether a proposed tract qualifies as a suitable alternative. However, consideration shall also be given to the presence of one or more of the following resource values:

- The known presence of, or suitable habitat for, Bicknell's thrush, northern bog lemming, or other state- or federally-threatened or endangered species or other Species of Greatest Conservation Need identified by the Maine Comprehensive Wildlife Conservation Strategy (especially species associated with high-elevation ecosystems).
- The presence of alpine natural communities, Fir-Heartleaved Birch Subalpine Forest natural community or other rare (S1, S2, or S3) or exemplary natural communities.
- The presence of rare (S1, S2, or S3) plant species.
- The inclusion within the tract of an area identified as a priority summit ecosystem in The Nature Conservancy's Northern Appalachian – Acadian Ecoregional Assessment.
- The location of the tract within a Tier 1 forest matrix block identified in TNC's Ecoregional Assessment.
- The presence of significant or uncommon geological or topographic features or conditions.
- The presence of a maintained hiking trail recognized in published hiking guides, maps or other sources.

- The condition of the area. Preference will be given to tracts in which the high-elevation areas and surrounding lands are noticeably unfragmented and unroaded and show limited evidence of recent timber harvesting.
- High scenic value.
- Adjacency or proximity to existing conservation land.
- The location of the tract within an area of high conservation interest or on-going conservation activity.
- The relative proximity to the Kibby Project site.

4. Provisions Relating to Escrow Agent; Limitation on Escrow Agent's Liability.

- a. Environmental Organizations acknowledge that Escrow Agent is serving as legal counsel to TransCanada in connection with the Kibby Wind Power Project. TransCanada acknowledges that with respect to the Escrow Payment, Escrow Agent shall remain neutral and shall act only in accordance with the terms and conditions of this Escrow Agreement.
- b. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent.
- c. The Escrow Agent may act in reliance upon any writing or instrument or signature which the Escrow Agent, in good faith, believes to be genuine; it may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited pursuant to this Escrow Agreement, nor as to the identity, authority, genuineness of signature, or right of any person executing the same, or for determining the adequacy or inadequacy of the performance of obligations by any party hereof either under this Escrow Agreement, or any other agreement or understanding of any kind; and the Escrow Agent's duties hereunder shall be limited to dealing with the Escrow Payment and taking actions in accordance with the terms hereof.
- d. The Escrow Agent may resign upon thirty (30) days notice to both parties. If Environmental Organizations and TransCanada do not appoint a successor Escrow Agent within this thirty-day period, the Escrow Agent may petition in any court of competent jurisdiction to name a successor, and pending such appointment, shall not be obligated or required to take any action hereunder.
- e. No waiver, modification, termination or rescission of the Escrow Agreement shall be binding upon the Escrow Agent unless consented to by the Escrow Agent in writing.

5. Miscellaneous.

- a. Successors and Assigns. This Escrow Agreement shall be binding upon and shall inure to the benefit of the parties and successors and assigns of Environmental Organizations, TransCanada, and the Escrow Agent.
- b. Notices. Any notice required to be sent under the provisions of this Agreement must be in writing. Notices shall be sent to the mailing address of the receiving party as set forth below, or to such address as such party gives notice of to the other parties as provided herein.
- c. Waiver or Amendment. No waiver or amendment of either this Escrow Agreement or any provision thereof shall be effective unless in writing and signed by the Escrow Agent and all parties adversely affected by such waiver or amendment.
- d. Controlling Law. This Escrow Agreement shall be governed by and construed and enforced in accordance with the laws in effect in the State of Maine.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the ____ day of _____, 2007.

WITNESS:

MAINE AUDUBON

By: _____
Name: _____
Its: _____

WITNESS:

NATURAL RESOURCES COUNCIL OF MAINE

By: _____
Name: _____
Its: _____

WITNESS:

APPALACHIAN MOUNTAIN CLUB

By: _____
Name: _____
Its: _____

WITNESS:

TRANSCANADA MAINE WIND
DEVELOPMENT INC.

By: _____
Name: _____
Its: _____

WITNESS:

TRANSCANADA MAINE WIND
DEVELOPMENT INC.

By: _____
Name: _____
Its: _____

WITNESS:

VERRILL DANA, LLP

By: _____
Name: _____
Its: _____

Schedule 1

Memorandum of Understanding Between TransCanada and The Trust for Public Land

**MEMORANDUM OF UNDERSTANDING
BETWEEN TRANSCANADA
AND THE
TRUST FOR PUBLIC LAND
REGARDING
KIBBY WIND POWER PROJECT CONSERVATION PACKAGE
AND PURCHASE OF
STOWE MOUNTAIN PARCEL IN NEWRY, MAINE**

Whereas, TransCanada Maine Wind Development, Inc. (“TransCanada”) has proposed the development of an approximately 132 megawatt wind energy development project in Franklin County, Maine (the “Kibby Project”);

Whereas, Maine Audubon, the Natural Resources Council of Maine, and the Appalachian Mountain Club (collectively the “Environmental Organizations”) and TransCanada have been working collaboratively to identify a land conservation package that balances the benefits and impacts of TransCanada’s Kibby Project;

Whereas, the Trust for Public Land (“TPL”) has entered into a purchase option agreement with Les Bois Carthage to acquire approximately 3,400 acres in the Town of Newry for conservation purposes (the “Stowe Mountain parcel”);

Whereas, the Stowe Mountain parcel includes high elevation lands with significant ecological values as well as approximately four miles of the Grafton Loop Trail, a new backcountry hiking trail;

Whereas, the Environmental Organizations and TransCanada have determined that protection of a certain portion of the Stowe Mountain parcel is an appropriate conservation package for the Kibby Project;

Whereas, TransCanada has amended its Land Use Regulation Commission application on the Kibby Project and entered into a separate agreement with the Environmental Organizations to include TransCanada’s commitment to fund a conservation package in the amount of \$500,000, which in the first instance will be used to acquire the conservation lands described below and in a manner consistent with the provisions in this Memorandum of Understanding; and,

Whereas, TransCanada has agreed to deposit \$500,000 into escrow to be paid in accordance with an escrow agreement substantially in the form attached as Exhibit A (“Escrow Agreement”), after TransCanada (i) obtains all final and non-appealable regulatory approvals to construct and operate the Kibby Project, and (ii) exercises its option agreement with GE Wind Energy, LLC to acquire certain necessary easement rights for the Kibby Project.

Now Therefore, TPL Agrees as Follows:

1. TPL will use its best efforts to re-structure its current purchase option agreement with Les Bois Carthage to provide for the permanent protection of approximately

750 acres of land located along the Grafton Loop Trail and generally depicted on the map attached as Exhibit B hereto ("Conservation Lands"). It is expressly understood that the map is intended for illustrative purposes only and a more detailed description of the lands to be so conserved will be developed at a later date.

2. As part of the permanent protection of the Conservation Lands, TPL will use its best efforts to prohibit all future commercial, industrial, or residential development (except for minor remote recreation structures) and commercial timber harvesting on the Conservation Lands either through fee ownership, or a conservation easement, held by a qualified conservation organization or public conservation agency.
3. TPL will use its best efforts to complete the Stowe Mountain acquisition and protection of the Conservation Lands by December 31, 2008. In the event that TPL is unable to acquire the approximately 750 acres identified in Exhibit A prior to December 31, 2009, then as set forth in the Escrow Agreement, the Environmental Organizations and TransCanada may direct the funds to an alternative land conservation project.
4. TPL understands that in the event it is unable to acquire the proposed Conservation Lands in accordance with the provisions set forth above or as may otherwise be required in connection with the permitting and development of the Kibby Project, then the Environmental Organizations and TransCanada may direct the funds to an alternative conservation package.

TRUST FOR PUBLIC LAND

Dated: June 4, 2007

By: _____

Name: Francis W. Hatch III

Its: Vice President, Regional Director