

## **EXECUTIVE EMPLOYMENT AGREEMENT**

This Agreement made as of the 14<sup>th</sup> day of December 2022.

### **BETWEEN:**

**INDEPENDENT SYSTEM OPERATOR**  
(operating as the Alberta Electric System Operator)  
(the "AESO")

### **OF THE FIRST PART**

-and-

**MICHAEL LAW**  
of the City of Calgary, in the Province of Alberta("Law")

### **OF THE SECOND PART**

**WHEREAS** the AESO appointed Law to the position of Chief Executive Officer on October 11, 2018 (the "Original Appointment");

**WHEREAS** the Chief Executive Officer of the AESO is a "designated executive" pursuant to the *Reform of Agencies, Boards and Commissions Compensation Act* ("RABCCA"), and is subject to the applicable provisions of the *Reform of Agencies, Boards and Commissions Compensation Regulation* ("RABCCA Regulation") and any successor regulations;

**WHEREAS** the Original Appointment expires on December 20, 2022; and

**WHEREAS** the AESO desires to re-appoint Law to the position of Chief Executive Officer upon the expiration of the Original Appointment on terms that are consistent with the applicable compensation framework created by the RABCCA Regulation, including guidelines established by the Minister of Finance under section 8(2) of the RABCCA Regulation (collectively, the "Compensation Framework"), and any ministerial order modifying or exempting Law from the provisions of the Compensation Framework;

**NOW THEREFORE** in consideration of the mutual covenants and promises herein contained and other good and valuable consideration, the Parties hereto agree to this Employment Agreement as follows:

### **ARTICLE 1. - SCOPE OF EMPLOYMENT**

1.1 Effective December 21, 2022 (the "Commencement Date") the AESO appoints Law to the employment position of President and Chief Executive Officer of the AESO. The Parties hereto agree that the relationship created between the AESO and Law is that of employer/employee.

1.2 Law will well and faithfully serve the AESO and will perform on behalf of the AESO such

reasonable duties consistent with the position of President and Chief Executive Officer as may, from time to time, be required or authorized by the AESO and without restricting the generality of the foregoing, will have such other obligations, duties, authority and power to do all acts and things as are customary for a person holding the same or equivalent position or performing duties similar to those to be performed by Law. In addition, Law will use his best efforts to promote the interests and goodwill of the AESO.

## **ARTICLE 2. - EFFECTIVE DATE AND TERM OF EMPLOYMENT**

2.1 Law's appointment hereunder will continue for a fixed term of six (6) years to December 21, 2028 (the "Term of Employment"), unless terminated in accordance with the provisions of Article 10 of this Agreement.

## **ARTICLE 3. - EXCLUSIVE SERVICE**

3.1 During the Term of Employment, Law will well and faithfully serve the AESO and devote the whole of his working time, attention and ability to his responsibilities and duties as outlined in section 1.2 of this Agreement.

3.2 Law will not during the Term of Employment become involved in any appointment, business, undertaking or employment, including self-employment, except in accordance with the AESO's Code of Conduct.

## **ARTICLE 4. - POLICY, PRACTICE, AND PROCEDURE**

4.1 Law will carry out his duties and responsibilities to the AESO faithfully and diligently and will cause the business activities of the AESO that are committed to his direction and control to be conducted reasonably and in accordance with the policies and procedures of the AESO applicable from time to time. In particular, but without limiting the generality of the foregoing, Law will comply with and adhere to all rules and regulations which are now or may hereafter be established by the AESO for the conduct of its President and Chief Executive Officer, provided that such rules and regulations will not materially detract from the responsibilities and duties customarily associated with the position of President and Chief Executive Officer, and will abide by the AESO's code of conduct, policies, and secondary governance documents as amended from time to time.

## **ARTICLE 5. - COMPENSATION**

5.1 Law shall be entitled to a fixed annual salary of \$499,920 per annum. The fixed annual salary will be payable in equal instalments on the dates that other employees of the AESO are paid, or at such other intervals as may be agreed upon by Law and the AESO, less any deductions or withholdings as required by law.

5.2 Notwithstanding anything else herein, Law's total compensation (inclusive of salary, actual incentive payouts, employer contributions to retirement savings pension and benefits, and cash value of any perquisites) shall not exceed \$616,000 per annum.

## **ARTICLE 6. - ADDITIONAL BENEFITS**

### **6.1 Subject to Section 5.2:**

- (a) Law will be entitled to participate in any benefit plans provided by the AESO for its employees in accordance with the terms of such employee benefit plans as they exist from time to time;
- (b) Law will be entitled to participate in any pension plan offered to all members of management at the AESO, subject to the applicable limitation contained in the RABCCA Regulation or successor legislation; and
- (c) Law will be entitled to receive a taxable vehicle allowance in the amount of six thousand dollars (\$6,000.00) per year for the use of his personal vehicle. The AESO will also provide to Law, as a taxable benefit for a reserved underground parking stall located at the AESO's Calgary office.

6.2 Law will be entitled to eight (8) weeks of annual vacation and annual AESO flex days, to be taken in such manner and at such time as Law will reasonably determine with due regard for the operating and staffing requirements of the AESO and the need for the timely performance of Law's responsibilities, all in accordance with applicable AESO policies and this Agreement. Subject to Ministerial Order 34/2022 and any subsequent ministerial order modifying or exempting Law from the Compensation Framework, any and all vacation not taken by Law in a given year may be carried over to future years for usage or subject to Section 5.2, paid out at Law's request.

## **ARTICLE 7. - REIMBURSEMENT OF EXPENSES**

7.1 Law will be entitled to incur reasonable expenses necessary or incidental to the proper discharge of his duties as President and Chief Executive Officer, which reasonable expenses will be reimbursed or paid for by the AESO, upon Law's submission of appropriate vouchers, bills, or receipts for all expenses in accordance with the Travel Meal and Hospitality Expense Directive issued by the Treasury Board.

7.2 The AESO will pay all reasonable travel expenses incurred by Law, as are appropriate for the purposes of carrying out his duties and responsibilities as outlined in Section 1.2. Review and approval of travel expenses, as may be necessary from time to time, shall be carried out in accordance with the Travel Meal and Hospitality Expense Directive issued by the Treasury Board.

7.3 Despite sections 7.1, the AESO shall not reimburse Law for an expense incurred under this Article in an amount that is not in accordance with the Treasury Board Directive.

## **ARTICLE 8. - ANNUAL REVIEW**

8.1 Law's compensation, including fixed annual salary, benefits, and reimbursement of expenses, will be reviewed as part of Law's annual performance review undertaken by the AESO Board. Any adjustment to Law's compensation will be at the discretion of the AESO Board and in

accordance with Compensation Framework except, that there will be no reductions or materially adverse changes thereto except as provided for in section 10.7 of this Agreement.

## **ARTICLE 9 - CONFIDENTIALITY OBLIGATIONS**

9.1 For the purposes of this Article, the term "Confidential Information" will mean all trade secrets, confidential business information, practices and know-how and confidential technical information regarding the AESO including, without limitation, the following:

- (a) human resources information, including all information relating to employees of the AESO;
- (b) business information relating to the AESO or any entity with which the AESO is, or may hereafter, be affiliated;
- (c) information relating to judicial, quasi-judicial, or disciplinary proceedings before the AESO or the development of policies, procedures and practices of the AESO;
- (d) information relating to regulatory and industry relationships, including those with other electric system operators in Canada and internationally; and
- (e) financial information relating to the AESO or any entity with which the AESO is, or may hereafter, be affiliated;

except that information which is properly within the public domain.

9.2 Law will not, either during the Term of Employment or any time thereafter disclose Confidential Information, provided that the foregoing restriction shall not apply (i) to Confidential Information that becomes public through no fault of Law; or (ii) in the event that disclosure is required by law.

9.3 Law acknowledges and agrees that the AESO may disclose this Agreement, in its entirety, to the Ethics Commissioner for the purpose of assisting the Ethics Commissioner in carrying out the Ethics Commissioner's duties and functions under the *Conflicts of Interest Act*. Law may revoke this consent at any time in writing, in which case the AESO will refrain from disclosure of this Agreement to the Ethics Commissioner in accordance with this clause. This consent and any subsequent revocation of this consent does not apply to personal information made public by Law.

## **ARTICLE 10 - TERMINATION OF EMPLOYMENT**

10.1 The AESO and Law acknowledge and agree that this Agreement prescribes a definite fixed Term of Employment (as defined in Article 2) and that at the end of the Term of Employment, Law's employment hereunder shall terminate. Upon such termination at the end of the Term of Employment, Law will not be entitled to any termination or severance pay or benefits and the AESO will have no further financial or other obligations to Law other than any amounts payable under Articles 5, 6 or 7 of this Agreement.



10.2 It is further acknowledged and agreed that the AESO shall have the right to terminate Law's employment at any time prior to the end of the Term of Employment for "just cause" as that term is understood pursuant to the common law of Alberta. It is further agreed and acknowledged that upon the said just cause termination occurring, Law will not be entitled to any termination or severance pay or benefits whatsoever and that the AESO shall have no further financial or other obligations to Law other than any amounts payable under Articles 5, 6 or 7.

10.3 The AESO may terminate Law's employment without cause or reason and prior to the end of the Term of Employment, In the event the AESO terminates Law's employment without cause or reason, the Parties agree that:

- (a) the AESO providing Law with written notification of his termination, which notification shall specify the final date of employment (the "Termination Date");
- (b) Law's employment will end as of the Termination Date; and
- (c) Following the Termination Date, the AESO will pay Law severance pay ("Severance Pay") in an amount equal to the lesser of:
  - (i) for every year of Law's Continuous Service (as defined in the RABCCA Regulation) with the AESO, an amount equal to four (4) weeks of Law's fixed annual salary plus an amount equal to the cost to the AESO for four (4) weeks of the benefits which Law was receiving before the Termination Date to a maximum of sixteen (16) percent of Law's fixed annual salary; or
  - (ii) the amount of fixed annual salary and benefits that would otherwise been payable to Law during the period between the Termination Date and the end of the Term of Employment,

in the form of periodic payments to Law on the dates that other employees of the AESO are paid or at such other intervals as may be agreed upon by Law and the AESO less any deductions or withholdings required by law but in no case will the total of such payments be greater than the combined amount of fifty-two (52) weeks of fixed annual salary and the cost to the AESO for fifty-two (52) weeks of the benefits which Law was receiving before the Termination Date with the latter being subject to a maximum of sixteen (16) percent of Law's fixed annual salary;

- (d) all other benefits, compensation and allowances set out in Articles 5 and 6 of this Agreement will cease as of the Termination Date, subject to any conversion rights available to Law pursuant to any of the applicable benefit plans;
- (e) if Law becomes employed with either the Crown or a "public agency" (as defined in RABCCA) during the severance period as determined under paragraph 10.3(c), Law will repay the AESO a portion of those payments equal to the amount of salary, before mandatory statutory deductions and benefits, earned in respect of Law's new employment during the severance period, to a maximum of the total amount of the Severance Pay, before mandatory statutory deductions, paid to Law in respect of the portion of the severance period for which Law is employed.

- (f) Law is not required to attempt to earn replacement income whether through employment, consulting, independent contracting, or any other means as a condition of entitlement to the payments and benefits arising out of or related to termination of Law's employment before the end of the Term of Employment and such payment and benefits will not be reduced by any replacement income Law may earn following termination of employment except in accordance with section 10.3(e).

10.4 In the event that the AESO terminates Law's employment, Law agrees to resign as President and Chief Executive Officer of the AESO such resignation to be effective on the last day of Law's employment.

10.5 For the purposes of section 10.3, termination of employment without cause includes constructive dismissal pursuant to the common law of Alberta.

10.6 Notwithstanding section 10.5, a material change to either Law's compensation or benefits or both will not trigger the payments set out in subsections 10.3(c) if such material change to compensation or benefits or both, are imposed under RABCCA, the RABCCA Regulation or subsequent replacement regulations.

10.7 Law may terminate this Agreement and his employment with the AESO at any time on the following terms:

- i. Law will provide to the AESO ninety (90) days prior written notice if such termination occurs prior to the commencement of the final eighteen (18) month period of the Term of Employment or sixty (60) days prior written notice if such termination occurs during the final eighteen (18) month period of the Term of Employment (the "Working Notice Period") which notice the AESO in its sole and absolute discretion may waive in full or in part;
- ii. during the Working Notice Period Law will continue to discharge his duties and responsibilities as President and Chief Executive Officer in compliance with this Agreement;
- iii. Law's employment will terminate on the last day of the Working Notice Period unless terminated earlier by the AESO in accordance with section 10.2 of this Agreement; and
- iv. all benefits and allowances as set out in Articles 5 and 6 of this Agreement will cease as of the last day of the Working Notice Period subject to any conversion rights pursuant to any of the applicable benefit plans.

## **ARTICLE 11 - LITIGATION**

11.1 The AESO will indemnify Law against all actions, claims, losses, judgements, damages, awards, penalties, fines, liabilities, statutory obligations, fees and expenses (including any amount paid to settle any action with the consent of the AESO) in respect of any civil, criminal or administrative action or proceeding to which Law is made a party by reason of being or having been an employee of the AESO if:

- (a) he acted honestly and in good faith with a view to the best interests of the AESO; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

11.2 Law will be presumed to have fulfilled the conditions set out in sections 11.1(a) and 11.1(b) unless it is determined by the Court or tribunal presiding over the civil, criminal or administrative action or proceeding to which Law is made a party that he has not done so.

11.3 The AESO will retain legal counsel on behalf of Law, provided that Law may, at his own expense, retain counsel of his choice. In the event of a conflict on the part of counsel retained by the AESO, Law is entitled to choose alternate counsel at the expense of the AESO.

11.4 During, from and after the termination of Law's employment:

- (a) Law will, upon receiving reasonable notice from the AESO, furnish such information and proper assistance to the AESO as may reasonably be required by the AESO in connection with any litigation with respect to which the AESO, or any of its employees, may be a party; and
- (b) Law will be reimbursed for all reasonable costs and expenses incurred by him (including, without limiting the generality of the foregoing, reasonable accommodation, and transportation costs) as a result of Law furnishing any information and assistance to the AESO as set out above.

11.5 The indemnities, rights and obligations set out in this Article 11 will survive termination of this Agreement and the termination of the employment of Law.

## **ARTICLE 12 - LEGAL ADVICE**

12.1 Law hereby acknowledges that he has obtained independent legal advice regarding this Agreement.

## **ARTICLE 13 - NOTICES**

13.1 Any notice required or permitted to be given under this Agreement will be in writing and deemed to be sufficient if delivered personally, sent by confirmed facsimile transmission or other means of recorded electronic communications, or sent by registered mail, as follows:

### **To the AESO:**

AESO  
Suite 2500, 330- 5<sup>th</sup> Ave SW  
Calgary, Alberta T2P 0R4  
Attention: General Counsel

**To Law:**

Michael Law

**Personal Information Removed**

**ARTICLE 14 - ASSIGNMENT**

14.1 This Agreement and the rights and obligations contained in it will not be assignable by either Party to any other person, firm, or corporation without the written consent of the other Party, which consent may be unreasonably and arbitrarily withheld.

**ARTICLE 15 - GOVERNING LAW AND JURISDICTION**

15.1 This Agreement will be governed by and interpreted in accordance with the laws of the Province of Alberta. The parties further submit to the jurisdiction of the Courts in the Province of Alberta as the sole and exclusive jurisdiction to entertain any dispute, action, cause of action or any other matters arising out of this Agreement.

**ARTICLE 16 - UNENFORCEABLE TERMS**

16.1 If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance is invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant or condition, to a party or circumstance, other than those to which it is held invalid or unenforceable, will not be affected thereby and each remaining term, covenant or condition of this agreement will be valid and will be enforceable to the fullest extent permitted by law.

**ARTICLE 17 - ENTIRE AGREEMENT**

17.1 This Agreement constitutes the entire agreement between the Parties hereto relating to the subject matter hereof and replaces any and all prior and contemporaneous agreements, understandings, negotiations and discussions, whether verbal or written of the Parties and there are no warranties, representations, undertakings or other agreements between the Parties except as specifically set forth in the within Agreement.

**ARTICLE 18 - NO WAIVER**

18.1 No consent or waiver, express or implied, by either Party to any breach or default by the other Party in performance by the other Party of their obligations will be deemed to be a consent or waiver to or of any other breach or default in the performance of the obligations by such Party. Failure by either Party to complain of any act or failure to act on the part of the other Party, or to declare the other Party in default, regardless of how long such failure continues, will not constitute a waiver by such Party of their

rights under this Agreement.

## **ARTICLE 19 - HEADINGS**

19.1 The headings in this Agreement are for reference only and in no way define, limit, or enlarge the scope or meaning of this Agreement or its provisions.

## **ARTICLE 20 - SINGULAR AND PLURAL**

20.1 Whenever the singular or plural is used throughout this Agreement, the same will be interpreted as meaning the plural or singular, body politic or body corporate where the facts or context so require.

## **ARTICLE 21 - ENUREMENT**

21.1 This Agreement will enure to the benefit of and be binding on Law and the AESO and their respective heirs, executors, administrators, successors, assigns, and other legal representatives.

## **ARTICLE 22 - MODIFICATION**

22.1 Any amendment or modification to this Agreement must be in writing and signed by the Parties hereto, or such amendment or modification will be void.

IN WITNESS WHEREOF, the parties have executed this Agreement, effective as of December 21, 2022.

**INDEPENDENT SYSTEM OPERATOR**  
**operating as the Alberta Electric System**  
**Operator**

**Original Signed**

\_\_\_\_\_  
Name: Karl Johannson  
Title: AESO Board Chair

**MICHAEL LAW**

**Original Signed**

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