

ENMAX CORPORATION

TERMS OF REFERENCE FOR A DIRECTOR OF THE BOARD

1. Introduction

- (a) This Terms of Reference applies to a director of the Boards of ENMAX Corporation and its direct and indirect subsidiaries.
- (b) Members of the Board of ENMAX Corporation bear ultimate responsibility for management of the company and for representing the interests of the Shareholder.

2. Director Responsibilities

- (a) The fundamental role of a director is to exercise his/her business judgment to act in what they reasonably believe to be the best interests of the Company and its Shareholder. In fulfilling that responsibility, the director should be able to rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial and other advisors.
- (b) A director exercises his/her duty by becoming familiar with and participating in the following:
 - ◆ approval of the strategy for the business;
 - ◆ appointment of the senior executive officers of the Company;
 - ◆ setting goals and standards for management, monitoring their performance and taking corrective action where necessary;
 - ◆ reviewing policies for implementing the strategy;
 - ◆ reporting to the shareholder on the performance of the business.;
 - and
 - ◆ fulfilling fiduciary and legal requirements.
- (c) A Board member is expected to prepare for, attend and participate in all board and applicable committee meetings, and to spend the time needed to meet as often as necessary to properly discharge their obligations.
- (d) The Company's management will provide directors with materials, briefings and additional educational opportunities to permit them to become familiar with the Company and to enable them to better perform their duties. A director is expected to participate in briefings and educational opportunities.
- (e) A director is expected to declare potential conflicts of interest and abstain from discussions and votes where there is a potential for conflict.
- (f) The Board expects its directors to act ethically at all times and to acknowledge their adherence to the Board of Directors Code and Conduct

and ENMAX Corporation's Code of Conduct. The Board will not permit the waiver of any ethics policy for any director.

3. Director Qualifications

- (a) The ENMAX Corporation Board of Directors believes that the Board should consist of a majority of independent and unrelated directors who meet the criteria for independence established by the Canadian Securities Administrators.
- (b) The Corporate Governance Committee shall solicit and receive recommendations and review the qualifications of potential director candidates in accordance with the Mandate of that Committee. The consideration of a candidate as a director will be based on the Corporate Governance Committee's assessment of the individual's background, skills and abilities, and whether such characteristics qualify the individual to fulfill the needs of the Board at that time.
- (c) The Board shall monitor the mix of skills and experience of a director in order to assure that the Board has the necessary tools to perform its oversight function effectively.

4. Director Elections

- (a) The Articles of Incorporation provide for a minimum of 1 director and a maximum of 13 directors. On an annual basis the Board of Directors, consider a recommendation from the Corporate Governance Committee regarding the optimal size for the Board. The individuals to serve as directors are approved by the Shareholder.
- (b) A director is elected annually by the Shareholder to serve a one-year term. Between annual Shareholder meetings, the Board may elect a director to serve until the next annual meeting.

5. Term Limits

The Board believes that term limits are not the best way to maximize the effectiveness of the Board. While term limits may introduce fresh perspectives and new viewpoints, they may have the countervailing effect of causing the loss of the benefit gained from the contributions of a director who has developed, over time, increasing insight into the Company. As an alternative to term limits, the Corporate Governance Committee and Board review the appropriateness of each board member's continued service.