



## BEOWULF ELECTRICITY & DATA INC.

### MEMORANDUM OF UNDERSTANDING

#### *To Establish a Low Emission, Short Sea Trade Corridor Between Port of Oshawa, Ontario and Somerset, New York*

This Memorandum of Understanding ("MOU") is entered into effective as of the 4th day of March, 2024 between **Beowulf Electricity & Data Inc.** (together with its affiliates and as manager of Somerset Operating Company, LLC "Somerset") and **Hamilton-Oshawa Port Authority** ("HOPA", "HOPA Ports")(each a "Party" and collectively, the "Parties") to set forth the non-binding understanding of the Parties with respect to their joint efforts to establish a low emissions, short sea trade corridor between the Port of Oshawa, Ontario and Somerset, New York through the establishment of a multimodal shipping terminal at Somerset's facilities (the "Potential Project").

**WHEREAS**, the United States and Canada share one of the largest trading relationships in the world, with total two-way trade valued at \$794 billion in 2022 <sup>1</sup>; and

**WHEREAS**, a recent study proposed reducing the reliance on trucking in transporting goods between the U.S. and Canada by increasing short-sea shipping on the Great Lakes, keeping scarce drivers closer to home and reducing emissions, traffic congestion and other negative externalities. The report further noted that Canada's busiest economic region of southern Ontario is struggling to keep up with the demand on its highways and the economic cost of congestion in the Greater Toronto and Hamilton Area is estimated to be up to \$6 billion annually<sup>2</sup>; and

**WHEREAS**, in response to these market conditions, environmental goals and government reports, the Parties herein seek to establish a dynamic international trade corridor spanning Lake Ontario, connecting a newly developed marine Port of Somerset, NY, situated approximately 37 nautical miles southeast of HOPA's Port of Oshawa, ON, on the 1,800 acre site of New York's former and last operating coal plant. This port connection is intended to foster a new and seamless two-way trade route between the United States and Canada throughout the year, while enhancing environmental sustainability by substantially reducing carbon emissions, optimizing time efficiency, alleviating road and border congestion, and fortifying a resilient, bi-directional supply chain; and

---

<sup>1</sup> **Great Lakes Short-Sea Shipping Could Improve US-Canada Cargo Movement**, <https://maritime-executive.com/article/great-lakes-short-sea-shipping-could-improve-us-canada-cargo-movement>

<sup>2</sup> **Foundational Study on Cross-Border Short-Sea Shipping Opportunities**, HOPA-McMaster Supply Chain Analytics, May 2023 <https://mitl.mcmaster.ca/fluid-intelligence-releases-foundational-study-on-cross-border-short-sea-shipping-opportunities/>

**WHEREAS**, the development of a new bi-national trade corridor would support some of the Great Lakes region’s most critical industrial supply chains, creating a strategic hub with extensive storage, staging, and manufacturing capabilities, catalyzing economic growth and facilitating the streamlined movement of goods; and

**WHEREAS**, the Port of Somerset would also create hundreds of direct and indirect jobs in Niagara County and the Greater Buffalo area (stevedores, warehouse employees, freight forwarders, dockworkers, crane operators, vessel agents, dredging contractors, marine pilots, truck drivers and shipyard workers among others) and further assist the State of New York in its commitment to transition the site of the State’s last operating coal plant into a new economic and regional trade hub with a vastly improved carbon emissions profile.

Indeed, a July 2023 report titled “**Economic Impacts of Maritime Shipping in the Great Lakes-St. Lawrence Region**” provides a realistic assessment of the economic contributions made by commercial maritime shipping in the Great Lakes and St. Lawrence region to the bi-national, national, state and provincial economies.<sup>3</sup>

**Specific Goals of a New Short Sea Shipping Corridor:**

- **Low Carbon Emission Profile in Transportation** – Along with a significant reduction in truck traffic and emissions, the de minimis sailing distance between Oshawa and Somerset (approximately 37 miles) introduces the potential to use alternative fuels with lower carbon emissions, and/or electric shipping vessels.
- **Sustainable Carbon Practices at Ports** - Both ports embrace green energy solutions, ensuring environmentally conscious operations and reducing carbon footprints. Indeed, in October 2023, the Somerset site was awarded a contract by the New York State Energy Research and Development Authority (**NYSERDA**) to develop a 125 MW AC solar farm on approximately 700 acres of vacant land. The Somerset site has also leased land within its footprint for a 200 MW energy storage project.
- **Global Connectivity** - As international ports, the Oshawa-Somerset shipping corridor would foster efficient trade networks and global trade connections.
- **Versatile Infrastructure** - Designed as multipurpose ports, the two locations would accommodate diverse cargo types, including finished passenger vehicles, bulk and breakbulk cargoes.
- **Year-Round Operation** - Operational throughout the year, the ports would provide an alternative to current constraints imposed by locks, ensuring consistent and reliable trade flow.

---

<sup>3</sup> **Economic Impacts of Maritime Shipping in the Great Lakes-St. Lawrence Region**, Great Lakes St. Lawrence Seaway Development Corporation, July 2023 [www.seaway.dot.gov/publications/economic-impact-study](http://www.seaway.dot.gov/publications/economic-impact-study)

- **Redevelopment Opportunities on Brownfields** – Located on the banks of Lake Ontario in Niagara County, NY, the former Somerset coal plant is situated on 1,800 acres of industrially zoned land. The site offers approximately 35 acres of available and undeveloped lakeside brownfield land ideally suited for maritime roll on/roll off, laydown and warehouse/storage areas. The Somerset site is minutes from US Interstate 90, 37 miles from Buffalo, and 57 miles from Rochester.
- **Future Growth** -- As the former site of a large coal plant which closed in 2021, the Somerset location offers existing infrastructure and industrial land critical to the sustainable development and future growth needs of a port, including access to onsite roads, vacant buildings, water and power.
- **Enhanced Supply Chain Resilience** -- Introducing a novel mode of transportation adds resilience to the supply chain, ensuring continuous flow even during temporary slowdowns or halts in other modes.
- **Expanded Transportation Capacity:** Overcoming current limitations on transporting certain commodities, the new short sea corridor addresses road restrictions and cargo handling constraints, offering increased capacity for efficient transportation.
- **Reduced Dependency on Drivers:** Alleviating the current shortage of truck drivers, the corridor minimizes logistical challenges associated with cross-border movement, contributing to a more streamlined and dependable transportation system. One marine vessel can carry the same amount of cargo as 963 transport trucks and in moving the same amount of cargo, trucks emit 558% more CO2 per metric tonne/km, according to HOPA.
- **Strategic Investment and Growth in Niagara County and Upstate NY:** Establishing a port at the Somerset site taps into an untapped pool of local skilled labor (union and non-union), fostering significant investment and economic growth in the region while providing good wage employment opportunities for the local workforce.
- **Purpose-Built Energy Efficiency:** The proposed port at Somerset is designed from the ground up to be energy-efficient, with electrification integrated into most operations. This forward-thinking approach optimizes sustainability and minimizes environmental impact.

**WHEREAS**, concurrently with the study process for the Potential Project, the Parties to this MOU will develop and make public a project plan focusing on the schedule for the port development, including short-, mid- and long-term milestones and deliverables.

**WHEREAS**, the Parties plan to begin outreach to stakeholders and potential stakeholders upon execution of this MOU, to include local, state, provincial and federal officials, regulatory agencies, business advocacy groups, seeking their input on a new short sea, low emission trade corridor between Canada and the United States.

**NOW, THEREFORE**, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Good Faith Efforts. The Parties agree to work in good faith and to use their commercially reasonable efforts to bring about the Potential Project at the earliest practicable time. This MOU is for discussion purposes to facilitate the initiation of the Potential Project as set forth in the preamble, and is not intended to constitute a legally binding or enforceable agreement or commitment except as specifically provided under Section 7.

2. Due Diligence Cooperation. The Potential Project requires completion of a due diligence investigation by the Parties, and reasonable cooperation to accomplish the same. Upon execution of this MOU, HOPA intends to commission a study examining the technological, regulatory and commercial requirements and timeline to establish the corridor. Each Party agrees to provide representatives of the other Party with reasonable access to such information and such individuals as the other Party may reasonably request in order to carry out its due diligence investigation.

3. Communications. Any public announcement or press release in connection with the Potential Project will be made jointly and will require the written consent (which may be via e-mail) of both Parties.

4. Costs and Expenses. Unless and until otherwise agreed under the Definitive Agreement, each Party shall be responsible for all of its costs and expenses associated with pursuing the Potential Project, including, without limitation, (i) the performance of its obligations under this MOU, (ii) conducting its due diligence, and (iii) drafting and negotiating the terms of a Definitive Agreement.

5. Definitive Agreement. It is the present intention of the Parties that upon execution of this MOU, HOPA will commission a study examining the technological, regulatory and commercial requirements and timeline to establish the corridor.

The Parties intend to negotiate formal written agreement with respect to their rights and obligations related to the Potential Project (the "Definitive Agreement"), provided, that neither Party is obliged to commence or continue any negotiations or to reach or execute any definitive agreement with respect to the Potential Project. Except as expressly provided in this Agreement, neither Party is committed in any way or is under any legal obligation to the other Party in connection with the Potential Project unless and until a definitive agreement with respect thereto is executed between the Parties. Each Party reserves the right, in its sole discretion, to reject any and all proposals made by the other Party or any of its Representatives with regard to the Potential Project and to terminate discussions and negotiations at any time and for any or no reason. If a Party determines that it does not wish to proceed with the Potential Project, it will promptly notify the other Party and terminate this MOU by written notice. Notwithstanding the foregoing, the obligations and provisions set forth under Section 3,4,6, and 7 shall survive such termination.

6. Confidentiality. All information, both written and oral, obtained by the Parties in connection with the Potential Project is subject to that certain Confidentiality Agreement dated July 10, 2023, the terms of which are incorporated herein by reference.

7. General Provisions. This MOU shall be governed by and construed in accordance with the internal laws of the state of New York, without giving effect to any choice or conflict of law provision or rule, without reference to the conflict of laws provision thereof which would give rise to the application of the domestic substantive law of any other jurisdiction. Nothing herein is intended or shall be construed to confer upon any person or entity other than the Parties and their successors or assigns, any rights or remedies under or by reason of this MOU. Neither this MOU, nor any rights or obligations hereunder may be assigned, delegated or conveyed by either Party without the prior written consent of the other Party. This MOU may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

EXECUTED by the Parties as of the date first written above:

Beowulf Electricity & Data Inc.

By:  \_\_\_\_\_

Name: Paul Prager

Title: President

Hamilton-Oshawa Port Authority

By: \_\_\_\_\_  \_\_\_\_\_  
AE7B70E5281D41C...

Name: Ian Hamilton

Title: President & CEO