

## NORTHLAND POWER INC.

### GOVERNANCE AND NOMINATING COMMITTEE CHARTER

#### Purpose of the Governance and Nominating Committee

The Governance and Nominating Committee (the “**Governance Committee**”) is appointed by the Board of Directors (the “**Board**”) of Northland Power Inc. (the “**Corporation**”) to assist the Board with respect to the Corporation and any other corporations, trusts, partnerships or other entities which may be owned or controlled by the Corporation from time to time (the “**Entities**”), in:

- (i) developing the approach of the Corporation to governance issues;
- (ii) recommending new Board candidates;
- (iii) recommending nominees to each committee of the Board;
- (iv) assessing the effectiveness of the Board and the committees of the Board as a whole and the contribution of individual members;
- (v) providing orientation assistance for new Board members; and
- (vi) periodically reviewing and recommending compensation arrangements for all Board members.

#### Composition of the Governance Committee

The Governance Committee shall consist of at least three Independent Directors of the Corporation. The members of the Governance Committee shall be appointed by the Board from time to time provided that any member may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Governance Committee if the member resigns, ceases to be qualified to serve or ceases to be a Director. The Chair of the Governance Committee (the “**Chair**”) shall be appointed by the Board from among the members of the Governance Committee.

An “**Independent Director**” means a director who has no direct or indirect material relationship with the Corporation or the Entities, as applicable, other than interests and relationships arising from the holding of shares of the Corporation, and shall be independent as defined for the purposes of National Instrument 58-101 Disclosure of Corporate Governance Practices. A “**material relationship**” means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgment.

### **Meetings and Procedures of the Governance Committee**

Meetings of the Governance Committee shall be held at the call of the Chair or upon request by two members of the Governance Committee. Notice of the time and place of each meeting may be given orally, or in writing, or by facsimile, or by electronic means to each member of the Governance Committee at least 48 hours prior to the time fixed for such meeting. Agendas and briefing materials shall be prepared and circulated in a timely manner in advance of the meeting permitting the members to consider the business of the meeting. The Governance Committee shall meet at least twice annually and as may otherwise be required.

A quorum for all meetings of the Governance Committee shall be two members.

Minutes of meetings of the Governance Committee shall be kept and sent to all members and shall be maintained with the books and records of the Corporation. The Secretary of the Board will act as Secretary of the Governance Committee. The Board shall be kept informed of the activities of the Governance Committee by periodic reports from the Chair.

The Governance Committee may determine such additional rules of procedure it considers necessary to regulate its proceedings and business.

### **Role of the Chair**

The Chair shall:

- (b) provide leadership to the Governance Committee with respect to its responsibilities as described in this Charter;
- (c) establish the agenda for all Governance Committee meetings and review briefing materials for such meetings;
- (d) call and preside at meetings of the Governance Committee;
- (e) communicate with the chair of the Board and the chairs of the other Board committees as necessary; and
- (f) monitor the effectiveness of the Governance Committee and ensure that it has the support necessary from the Corporation's external legal counsel to fulfill its responsibilities.

### **Responsibilities of the Governance Committee**

The responsibilities of the Governance Committee are:

- (i) *Board Candidates and Nominees*

- (a) Subject to the provisions of the Corporation's articles, to identify and consider candidates to fill positions on the Board.
- (b) The Independent Directors who serve as members of the Governance Committee shall select and recommend to the Board the nominees for election as directors by the shareholders of the Corporation (other than those which Northland Power Holdings Inc., as the sole holder of the Class A Shares and Class C Convertible Shares appoints, if it elects its right to do so).
- (c) To oversee the implementation of an orientation program for new directors and committee members, as required.

(ii) *Board Composition and Procedures*

- (a) To review periodically with the Board the composition of the Board as a whole and to recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole.
- (b) To review periodically the size of the Board and to recommend to the Board any appropriate changes to ensure effective decision-making.
- (c) To make recommendations on the conduct of Board meetings.

(iii) *Board Committees*

- (a) To periodically make recommendations to the Board regarding the purpose, size and composition of each standing committee of the Board, including the identification of individuals qualified to serve as members of a committee, including the Governance Committee, and to recommend individual directors to fill any vacancy that might occur on a committee, including the Governance Committee.
- (b) To review periodically the charters of the committees of the Board and make recommendations, as deemed appropriate, with respect to such charters.

(iv) *Governance*

- (a) To annually review corporate governance practices and legislative and policy requirements applicable to the Corporation and the Corporation's policies and, if appropriate, recommend modifications.
- (b) To review periodically the adequacy and form of compensation for directors to ensure that it realistically reflects the responsibilities and risks involved in being an effective director and to advise on any changes.

- (c) To review and recommend to the Board indemnification of the directors and officers of the Corporation and of the directors and officers of the Entities as well as insurance matters.
- (d) To monitor trends and best practices in corporate governance.
- (e) To review the disclosure of the Corporation's governance practices as required by National Instrument 58-101.
- (v) *Evaluation of the Board*
  - (a) To undertake and review with the Board an annual written performance evaluation of the Board which shall include the standard of performance and contribution of all directors and the effectiveness of the Board as a whole.

### **Performance Evaluation of the Governance Committee**

The Governance Committee shall perform an annual written review and evaluation of the performance of the Governance Committee and its members, including a review of compliance with this Charter. The Governance Committee shall report to the Board the results of its evaluation, which report shall include any recommended changes and improvements to this charter.

### **Authority and Resources of the Governance Committee**

The Governance Committee has the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties including any search firm to be used to identify director candidates. For greater certainty the Governance Committee has the authority to retain, at the Corporation's expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties;
- (b) set and require the Corporation to pay the compensation for any advisors employed by the Governance Committee. The Corporation shall at all times make adequate provisions for the payment of all fees and other compensation, approved by the Committee, to any consultants or experts employed by the Governance Committee; and
- (c) conduct any investigation which it considers appropriate, and to communicate directly with and have direct access to the officers and employees of the Corporation and the Entities, as applicable.

Approved by the Board of Directors as of January 1, 2011