

Letter to OPG

Mr. Bernard Lord
Board Chair
Ontario Power Generation Inc.
700 University Avenue, 19th Floor
Toronto, ON M5G 1X6

Dear Mr. Lord:

Thank you for your letter of May 19, 2017 and your summary of Ontario Power Generation's (OPG) draft plan for implementing the global adjustment refinancing component of Ontario's Fair Hydro Plan. I continue to expect the report that I requested for June 1st.

Since May 19th, the *Ontario Fair Hydro Plan Act, 2017* was introduced in the House, received Royal Assent and came into force on June 1, 2017. On June 27th, Cabinet passed the general regulation required to implement the Act. This regulation came into force on July 1st. OPG, its outside counsel in Toronto and the United States and its financial advisors and their counsel were instrumental in developing the content of the regulations. Thank you for the assistance of OPG in this regard.

I am also pleased to enclose a fully executed indemnification agreement between the Ministry and the OPG for the benefit of the OPG, its subsidiaries, its Board of Directors, officers and employees.

You provided me with a copy of OPG's Resolution of the Board of Directors and the Conditions of Special Committee Recommendation. I understand from Ministry staff that OPG is now working on material contracts.

I would like to take this opportunity to recognize the significant contributions that OPG staff and the board of directors have made in the months since Ontario's Fair Hydro Plan was announced. I appreciate the cooperation and innovation that OPG has shown as we have worked on implementation together. I know that I can count on OPG working continuing to work closely with Ministry staff over the coming months.

Yours truly,

Letter to IESO

Note: Correspondence to date has been to/from CEO and DM

Mr. Timothy O'Neill
Chair, Board of Directors
Independent Electricity System Operator
1600 – 120 Adelaide Street West
Toronto, ON
M5H 1T1

Dear Mr. O'Neill:

I am pleased to enclose a fully executed indemnification agreement between the Ministry and the Independent Electricity System Operator (IESO) for the benefit of IESO, its Board of Directors, officers and employees, as requested in IESO's May 1, 2017 letter from Bruce Campbell. The indemnity was crafted in consultation with IESO staff to address the increased liability exposure relating IESO's role in implementing Ontario's Fair Hydro Plan, as referred to in Mr. Campbell's letter.

I understand that IESO has had productive discussions with the Ontario Financing Authority (OFA) regarding increases to IESO's lines of credit with the OFA and the *Ontario Electricity Financing Corporation*.

I would like to take this opportunity to recognize the significant contributions that IESO staff and the board of directors have made in the months since Ontario's Fair Hydro Plan was announced. I appreciate the cooperation and innovation that IESO has shown as we have worked on implementation together.

Yours truly,