Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity, secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee~~ and~~, the trustee of the Financing Entity~~[1])~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**~~[2]~~[1] after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("MSSA")~~.~~, IESO will have obligations both

~~[1] We have assumed that the initial Financing Entity will be a trust.~~

~~[2]~~[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA~~[3]
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**~~[4]~~, which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year**] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[■**, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[~~5~~2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[~~5~~2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.