[ON KPMG LETTERHEAD]

Commented [SG1]: To be put on KPMG letterhead

Private & Confidential

Ernst & Young LLP (the "Recipient")
99 Bank Street, Suite 1200
Ottawa, ON
K1p 6B9

Attention: Suzanne Gignac

June 12, 2017

Re: Independent Electricity System Operator ("IESO")

In connection with the accounting advisory work performed by KPMG LLP ("KPMG") for IESO, IESO has requested that KPMG attend a meeting with IESO, the Province of Ontario's Treasury Board Secretariat ("TBS"), and the Recipient, in your capacity as external advisor to TBS, in order to answer your questions related to:

1 IESO's market related activities and their potential adoption of rate regulated accounting; and

2 the interpretation and application of Generally Accepted Accounting Principles regarding regulator independence

(collectively, the "Information").

The Information was derived solely in accordance with the specific terms of reference (the "**Engagement Letter**") agreed between ourselves and IESO for their exclusive use and for no other purpose.

The Information should not be regarded as suitable for use by any person or persons other than IESO or for any purpose other than set out in the Engagement Letter. We accept no responsibility or liability for any reliance that the Recipient may place on the Information.

You should note that we have not sought to update the Information for events subsequent to **[X]** and significant events may well have occurred since that date.

Commented [SG2]: Need date - not sure this sentence is relevant for our purposes anyway so could likely just remove.

In consideration of our providing to the Recipient the Information the parties hereto agree to the following:

a) No one at KPMG is authorized by KPMG to make any representations to the Recipient with respect to IESO. Nor may anyone at KPMG provide the Recipient with the Information on any basis which is inconsistent with or varies or adds to the terms of this letter;

b) KPMG neither warrants nor represents that the Information is accurate, complete, sufficient or appropriate for any purpose contemplated by the Recipient;

c) The Information is not provided pursuant to any agreement or other arrangement of a contractually binding nature between our firm and the Recipient;

d) The Recipient does not acquire any rights against our firm or otherwise as a result of our providing the Information;

e) Our firm and personnel do not have any duties, responsibilities, liabilities or obligations to the Recipient as a result of our providing the Information; and

f) The Recipient will not commence any action, suit or proceeding or make any demand, complaint or claim against us as a result of KPMG providing the Information or for any omission thereto.

Further, the Recipient agrees that the Information will be maintained by them in strict confidence and not disclosed to any other party, and will be used by them only in connection with purpose described above. The Recipient agrees to notify KPMG promptly of any request received by the Recipient from any court or applicable regulatory authority with respect to the Information.

Commented [SG3]: We are concerned that this could be difficult to adhere to. Disclosure to other parties would need, at a minimum, to include OPCD (or perhaps the government reporting entity?) as the info may be incorporated into OPCD documents and may be discussed on calls with other parties.

Thoughts?

This letter sets out the entire understanding of the parties in relation to the conditions upon which access to the Information is provided and replaces all prior understandings, if any, made by KPMG.

Please indicate your acceptance to the terms of this letter by signing and returning one copy of this letter to the undersigned.

Yours very truly,

KPMG LLP

Michel Picard
Partner

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The Recipient hereby acknowledges that it understands and agrees to the conditions upon which the Information is provided.

by: ________________________________ ________________________________
signature Date:

Name:

Title: ________________________________