Provincial ~~Support Agreement~~Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") ~~is provided exclusively to the parties listed herein in connection with the draft~~relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. ~~Defined~~Unless otherwise specified, 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~~protection and assurance arrangements contemplated in this Term Sheet ~~in addition to such other representations, warranties, indemnities, and other~~will include such terms and conditions as the ~~Guarantor and the Beneficiaries (each as defined below) may reasonably require~~Minister of Energy and the Minister of Finance determine to be appropriate.*

Performance Guarantees	
Performance Guarantor:	~~Her Majesty the Queen in right~~The Province of Ontario, ~~as represented~~ by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	~~The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**")~~Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Performance Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and ~~all~~ other persons having debt or other claims against ~~a~~the Financing Entity that are 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, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity~~a related trust indenture.

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

~~**Term:**~~	~~The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all 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:	~~Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("MSSA"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee~~Pursuant to a Performance Guarantee, the Performance Guarantor will guarantee ~~in favour of the Beneficiaries to perform~~the performance, 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 and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including ~~the obligations of any replacement servicer. The Guarantor will also guarantee the~~ servicing obligations ~~of the~~undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. ~~The servicing~~It is anticipated that such obligations ~~covered~~ will include ~~all obligations~~matters related to the ~~collecting~~billing, collection and ~~remitting~~remittance of clean energy adjustments ~~and will protect the Beneficiaries from any risks arising from~~by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments ~~being commingled~~ with other amounts. In the event that the ~~performance guarantee~~Performance Guarantee is held to be unenforceable against the Performance Guarantor, the ~~Provincial Support Agreement~~Performance Guarantee will contemplate ~~a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result~~, in the alternative, a functionally equivalent direct covenant of the Performance Guarantor.
Term:	The Performance Guarantor's obligations under a Performance Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Performance Guarantee.
Approval Requirement:	The servicing obligations (including any amendments) to which the Performance Guarantee relates, together with the provisions of

~~[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.~~

	any Performance Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Performance Guarantee:	Under no circumstances shall the Performance Guarantor be obligated to pay special or punitive damages, or for loss of profits.
Indemnity	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.
~~Payment Guarantee Event~~Indemnity of the Province:	~~A Payment Guarantee Event will occur if~~The Province of Ontario will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee (including because of claims made against the Indemnitee by one or more of its specified creditors) that result from any of the following (each, an "**Indemnification Event**"): (A) the Legislative Assembly of Ontario ~~repeals~~repealing (and not replacing on an equivalent basis) the Act; ~~or~~ (B) the Legislative Assembly of Ontario ~~amends~~amending the Act or a Regulation made thereunder ~~is amended~~ in a way that materially and 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~~affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction ~~(i)~~in a final and non-appealable judgement determines that all or a portion of the Act ~~to be~~is *ultra vires* in a way that materially and adversely ~~impacts~~affects the ~~ability~~rights and interests of ~~a~~the 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 (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~~under its investment interest.
~~Payment Guarantee~~Term:	~~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.~~ The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, the will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under ~~Guarantees~~Indemnity:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or for 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 all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries 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 indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have 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:~~Undertakings regarding Certain Mismatches	~~The Indenture Trustee will be required to provide notice to the Guarantor of a 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:~~Avoidance of Mismatches	~~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~~If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy all of its related payment obligations and thereby avoid any Mismatch.
~~Reporting Requirements of a Financing Entity:~~ Possible Undertaking to Fund Mismatches	~~The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture~~If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to avoid a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to avoid the Mismatch. Any such undertaking may only be given at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and would be on such terms and conditions, including appropriate compensation to the Province of Ontario, as the Minister of Energy and the Minister of Finance

	determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
~~Conditions Precedent to Closing:~~Documentation	~~Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~[2]
Representations, Terms and Conditions:	~~Customary representations~~Subject to approval of the Minister of Energy and ~~warranties of the Guarantor~~the Minister of Finance acting together
FIPPA:	Acknowledgement that the Performance Guarantor ~~is~~and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Performance Guarantor or ~~its agents or representatives~~the Indemnitor, or any agent or representative of the Performance Guarantor or the Indemnitor, in connection with the ~~Transaction Documents~~transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	~~Customary confidentiality~~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~~of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

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

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