CHANGE OF LAW PROCEDURES AGREEMENT

THIS AGREEMENT made as of the ■ day of ■, 2017.

B E T W E E N:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE ACTING TOGETHER

– and –

ONTARIO POWER GENERATION INC.

RECITALS:

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017*, S.O. 2017, c. 16, Schedule 1 (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the regulations thereunder to record certain amounts in such account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a specified portion of the Regulatory Asset to the Issuer on a fully-serviced basis and such Transfer shall result in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the specified portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Province has agreed in favour of the Indenture Trustee in the Change of Law Protection Agreement to make regularly scheduled payments on certain of the Funding Obligations and related obligations of the Issuer (the "**Specified Claims**") in certain circumstances;

AND WHEREAS the parties hereto wish to set out the procedures by which the Province provides its approval to the Manager to certify that an incurrence of Specified Claims by the Issuer from time to time is covered under the Change of Law Protection Agreement;

NOW THEREFORE in consideration of one dollar ($1.00) and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties covenant and agree, each with the other, as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, except where the context otherwise requires, the following terms will have the following meanings:

"**Act**" has the meaning given to that term in the recitals.

"**Agreement**" means this Change of Law Procedures Agreement.

"**Business Day**" means every day except a Saturday or Sunday, or a day which is a statutory or civic holiday in the Province of Ontario.

"**Certification**" means the certification by the Manager described in Section ■[1] of the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated ■, 2017 between the Province, as obligor, the Indenture Trustee, and the Issuer.

"**Disclosure Document**" means the form of disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of any Funding Obligations.

"**Forecast**" has the meaning attributed to such term in Section 2.2(a).

"**IESO**" means the Independent Electricity System Operator.

"**Indenture**" has the meaning attributed to such term in Section 2.3(a)(iv).

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of certain specified creditors, or any successor thereto, under the Indenture.

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario.

"**Manager**" means Ontario Power Generation Inc., in its capacity as manager appointed under the management agreement referenced in Section 2.3(a)(ii) to administer the Investment Interests and perform such other duties assigned to it thereunder.

"**Person**" means any natural person, partnership, limited partnership, limited liability partnership, joint venture, syndicate, sole proprietorship, company or corporation (with or without share capital), limited liability corporation, unlimited liability company, joint stock company, unincorporated association, trust, trustee, executor, administrator or other legal

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[1] This will be the section of the Change of Law Protection Agreement which sets out that a Specified Claim will be covered under the Change of Law Protection Agreement if the Manager delivers a certificate, signed by at least two executive officers of the Manager and addressed to one or more third parties (including, without limitation, the Indenture Trustee), confirming that such Specified Claim is covered by the Change of Law Protection Agreement.

personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted and pronouns have a similarly extended meaning.

"**Program Maximum**" means the maximum Canadian dollar amount determined and confirmed in writing in accordance with Section 2.2.

"**Protection Event**" has the meaning attributed to such term in the Change of Law Protection Agreement.

"**Regulatory Asset**" has the meaning attributed to such term in the recitals.

"**Reviewed Documentation**" has the meaning attributed to such term in Section 2.3.

"**Specified Claims**" has the meaning attributed to such term in the recitals.

"**Substantially in the Form**" means:

(i) with respect to the Reviewed Documentation referred to in 2.3(a)(i) to 2.3(a)(xiv), that the covenants of the Issuer are no more onerous in any material respect and there are events of default that are consistent in all material respects, respectively, with the covenants of the Issuer and events of default contained in the Reviewed Documentation; and

(ii) with respect to the Disclosure Document referred to in 2.3(a)(xv), that there are no material differences between the form and substance of the proposed disclosure document and such disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligations subject to distribution thereunder.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Act and the regulations made thereunder or incidental thereto.

1.2 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement are for convenience of reference only and will not affect the construction or interpretation hereof.

1.3 Interpretation

In this Agreement, unless the context otherwise requires:

1.3.1 words importing the singular shall include the plural and vice versa, words importing gender shall include all genders or the neuter, and words importing the neuter shall include all genders;

1.3.2 the words "include", "includes", "including", or any variations thereof, when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

1.3.3 references to any Person include such Person's successors and permitted assigns;

1.3.4 except as otherwise provided in this Agreement, any reference in this Agreement to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all rules and regulations made under such statute, in the case of a statute, all amendments made to such statute, regulation, policy, rule or instrument, and any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

1.3.5 any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

1.3.6 in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.4 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement.

1.6 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.7 Governing Law

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

ARTICLE 2
APPROVAL PROCESS

2.1 Approval Process

The Manager is authorized to make a Certification in respect of a specific incurrence of Funding Obligations and other Specified Claims upon the following conditions precedent having been satisfied:

(a) at the time such Funding Obligations are to be incurred, the maximum aggregate payment amounts due or becoming due under such Funding Obligations, together with all other outstanding or committed Specified Claims previously subject to a Certification, do not exceed the Program Maximum in effect at that time; and

(b) The Manager delivers a certificate, signed by at least two of its executive officers and addressed to the Province, not less than **[■]** Business Days prior to the incurrence of such Funding Obligations:

(i) setting out the material terms of such Funding Obligations pertaining to principal amount, pricing and third party fees; and

(ii) confirming that:

(A) the Funding Obligations (1) will arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the Act and the regulations made thereunder, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and

(B) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation.

2.2 Program Maximum

(a) The initial Program Maximum will be determined prior to the initial issuance of Funding Obligations under the Indenture in accordance with this Section 2.2. The Program Maximum will be based on the Manager's forecast of the maximum payment obligations expected to arise under Specified Claims during the next 24 month period, based on and in accordance with the applicable Financing Plan (the "**Forecast**"). The Manager will be required to deliver the Forecast to the Province not less than **[thirty (30)]** Business Days prior to the proposed incurrence of the initial Funding Obligations under the Indenture. If the Province agrees that the Forecast is consistent with the Financing Plan and the Finance Amounts contemplated thereunder for the applicable Reference Periods are reasonably expected to align with the Fair Allocation Amounts in respect of such Reference Periods, then the Province will confirm in writing to the Manager within **[thirty (30)]** Business Days of receipt of the Forecast that it agrees with the Program Maximum.

(b) The Forecast will be updated and delivered to the Province between nine (9) and twelve (12) months prior to the expiry of the then current Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will confirm that the Forecast is consistent with the Financing Plan and the Finance Amounts contemplated thereunder for the applicable Reference Periods are reasonably expected to align with the Fair Allocation Amounts in respect of such Reference Periods.

(c) If the Province does not agree with the determination of the Program Maximum, then the Province and the Manager will discuss and address any inaccuracies in the Financing Plan to the satisfaction of both parties, and the Program Maximum will be revised within **[thirty (30)]** Business Days of receipt of the Forecast. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to the Manager, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

2.3 Reviewed Documentation

(a) The Manager will ensure that not less than **[■]** Business Days prior to the initial issuance of any Funding Obligations under the Indenture, the Province will have received copies, in substantially final form, of the following documents:

(i) the declaration of trust made as of ■, 2017 under which the Issuer was established;

(ii) the management agreement dated ■, 2017 between the Manager and the Issuer;

(iii) the master transfer and servicing agreement dated ■, 2017 between the Issuer, the IESO and the Indenture Trustee;

(iv) the master trust indenture dated ■, 2017 between the Issuer and the Indenture Trustee (the "**Indenture**");

(v) the Senior Series 2017-1 Supplemental Indenture to the Indenture dated ■, 2017, along with the Senior Series 2017-1 Notes;

(vi) the Subordinated Series 2017-1 Supplemental Indenture to the Indenture dated ■, 2017, along with the Subordinated Series 2017-1 Notes;

(vii) the Senior Series 2017-2 Supplemental Indenture to the Indenture dated ■, 2017, along with the Senior Series 2017-2 Notes;

(viii) the Subordinated Series 2017-2 Supplemental Indenture to the Indenture dated ■, 2017, along with the Subordinated Series 2017-2 Notes;

(ix) the Agency Agreement dated ■, 2017 between ■;

(x) the Subscription Agreement dated ■, 2017 between ■;

(xi) the schedule to an ISDA Master Agreement dated ■, 2017 governing derivative transactions that may be entered into by the Issuer from time to time;

(xii) if applicable, any other agreement or instrument under which a Funding Obligation may arise or be affected;

(xiii) if applicable, any other agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act;

(xiv) the security agreement dated ■, 2017 granted by the IESO to the Issuer; and

(xv) the Preliminary and Final Offering Memorandums of the Issuer together with any related material information.

(b) The Province will confirm within **[■]** Business Days of receipt of the documents referenced in Section 2.3(a) if such reviewed documents shall be the "Reviewed Documentation" for the purposes of this Agreement; provided that the Province agrees that it will not be entitled to provide input on the Reviewed Documentation other than in its capacity as obligor under the Change of Law Protection Agreement.

(c) Any proposed material amendments, additions or supplements to the Reviewed Documentation will be provided to the Province not less than **[fifteen (15)]** Business Days prior to any proposed use or such documents becoming effective. Such material amendments, additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of this Agreement if the Province confirms the same within **[fifteen (15)]** Business Days of receipt of such proposed material changes, additions or supplements to the Reviewed Documentation.

2.4 Termination

This Agreement will continue in full force and effect so long as any Specified Claims remain outstanding and until the Issuer has satisfied all of its obligations under the Reviewed Documentation.

ARTICLE 3
COVENANTS OF MANAGER

3.1 Reporting

Promptly after the issuance of any Funding Obligations by the Issuer (or an amendment or replacement thereof) from time to time, the Manager will provide the Province with:

(a) a copy of the then most recent Financing Plan;

(b) electronic copies of all related closing documents executed by or on behalf of the Issuer in connection with such incurrence, amendment or replacement of such Funding Obligations that would affect the Issuer's assets or obligations (including, for greater certainty, any Disclosure Documents); and

(c) all additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

3.2 Other Covenants

(a) The Manager will comply and ensure compliance by the Issuer with the Act and the regulations made thereunder and any other enactment related thereto;

(b) After the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), the Manager will not, without the Province's prior written consent, permit any Issuer to exercise any redemption, pre-payment, early termination right in respect of any Specified Claim or exercise any other election or privilege in respect of any Specified Claim, in each case, if as a result the obligations applicable to the Specified Claim under the Change of Law Protection Agreement would be accelerated; and

(c) The Manager will ensure that any disclosure (including in any Disclosure Document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement and this Agreement will be subject to the prior review and approval of the Province unless that disclosure is substantially in a form previously approved by the Province.

3.3 Validity

For greater certainty, a failure by the Manager to perform the covenants in this Article 3 will not affect the validity of a Certification made under the Change of Law Protection Agreement in accordance with requirements of Section 2.1 of this Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Province

The Province hereby represents and warrants to the Manager that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law, and do not and will not constitute (with due notice or lapse of time or both) a breach of or default under any agreement to which the Province is a party or by which it is bound;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations thereunder;

(d) no consent, approval or authorization from any Person that has not otherwise been obtained is required to be attained by the Province in order to consummate the transactions contemplated herein; and

(e) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is or, if applicable, will then be a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms, subject to:

  (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, reorganization, moratorium, winding-up, arrangement, fraudulent preference and conveyance and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law);

  (ii) general equitable principles and the fact that the availability of equitable remedies such as specific performance and injunction are not available against the Province and that a court may stay proceedings or the execution of judgments; and

  (iii) statutory limitations of general application respecting the enforceability of claims against the Province or its property.

4.2 The Manager

The Manager hereby represents and warrants to the Province that:

(a) the Manager has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Manager of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law, and do not and will not constitute (with due notice or lapse of time or both) a breach of or default under any agreement to which the Manager is a party or by which it is bound;

(c) all necessary action has been taken by the Manager to authorize the execution and delivery of this Agreement by the Manager and the performance by the Manager of its obligations thereunder;

(d) no consent, approval or authorization from any Person that has not otherwise been obtained is required to be attained by the Province in order to consummate the transactions contemplated herein; and

(e) this Agreement has been duly authorized, executed and delivered on behalf of the Manager and is or, if applicable, will then be a legal, valid and binding obligation of the Manager, enforceable against it in accordance with its terms, subject to:

(i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, reorganization, moratorium, winding-up, arrangement, fraudulent preference and conveyance and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); and

(ii) general equitable principles.

ARTICLE 5
GENERAL PROVISIONS

5.1 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 5.1 shall be null and void.

5.2 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

5.3 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this section. Notices and other communications will be addressed as follows:

(a) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Facsimile: (416) 325-0374

and

Ministry of Energy
5th Floor
56 Wellesley Street West
Toronto, Ontario M7A 2E7

Attention: Legal Director
Facsimile: (416) 325-1781

(b) if to the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ■
Facsimile: ■

or to such other addresses as a party may from time to time notify the others in accordance with this Section 5.3.

5.4 Further Assurances

Each of the parties hereto will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and will use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

5.5 Counterparts; Electronic Delivery

This Agreement may be signed in counterparts and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument. Delivery of an executed signature page to this Agreement by either party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

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IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

ONTARIO POWER GENERATION INC., in its capacity as Manager

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

HER MAJESTY THE QUEEN AS REPRESENTED BY THE MINISTER OF ENERGY

By: ______________________________
Name:
Title:

HER MAJESTY THE QUEEN AS REPRESENTED BY THE MINISTER OF FINANCE

By: ______________________________
Name:
Title: