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Private & Confidential

Ms. Cindy Veinot
Treasury Board Secretariat, Office of the Provincial Controller
Frost Building South
7 Queen's Park Crescent East
Toronto, Ontario, M7A 1Y7
Canada

August 29, 2017

Dear Madam:

In connection with the preparation of a technical accounting paper by the Office of the Provincial Controller Department (the “OPCD”) related to the Fair Hydro Plan, 2017, KPMG LLP (“KPMG”) understands that the OPCD has requested that a copy of our Memorandum to File dated July 25, 2017 be provided to their accounting adviser, Ernst and Young LLP (“EY”). In regards to this request, the Independent Electricity System Operator (“the IESO”) has asked that we allow EY access to our Memorandum to File prepared in connection with our audit of the 2016 financial statements of the IESO. We have received authorization from IESO management to allow EY such access to our Memorandum prepared in the course of the audit.

Our audit of the 2016 financial statements of the IESO was conducted in accordance with generally accepted auditing standards, the objective of which was to form an opinion on whether the financial statements, which are the responsibility and representations of management of the IESO, present fairly, in all material respects, the financial position and results of operations and cash flows of the IESO in conformity with generally accepted accounting principles. Under those standards, we have the responsibility, within the inherent limitations of the auditing process, to design our audit to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements and to exercise due care in the conduct of our audit. The concept of selective testing of the data being audited, which involves judgment regarding both the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements. Thus, our audit, based on the concept of selective testing, is subject to the inherent risk that material errors or irregularities, if they exist, will not be detected. In addition, an audit does not address the possibility that material errors or irregularities may occur in the future. The conduct of an audit requires the application of professional judgment and the assessment of materiality in connection with financial statement assertions.

Our audit of the IESO’s 2016 financial statements was not planned or conducted in contemplation of the preparation of a technical accounting paper related to the Fair Hydro Plan and may not be appropriate for your purposes. Items of possible interest to OPCD may not have been specifically addressed.

We have not reported on the IESO’s financial statements for any period subsequent to December 31, 2016 and significant events may have occurred since that date. Our Memorandum prepared in connection therewith and our responses to EY’s questions, should not be taken to supplant other inquiries and procedures that OPCD should undertake for the preparation of the technical accounting paper described above or for any other purpose.

We accept no responsibility whatsoever for any reliance that OPCD, EY or any other person or body may place on the information provided by us.

In consideration of our permitting access to the Memorandum referred to above and for providing explanations relating to it if asked, and to the information contained therein, OPCD (on behalf of itself, all parties acting for it in the preparation of the technical accounting paper, all recipients of the technical accounting paper, all connected persons and entities and the accounting adviser EY - "the OPCD Parties") agrees that:

a) such access to our Memorandum and provision of information and explanations is not provided pursuant to any agreement or other arrangements of a contractually binding nature between our firm and any of the OPCD Parties;

b) the OPCD Parties do not acquire any rights against our firm or otherwise as a result of such access or as a result of what our Memorandum contain;

c) our firm, our partners and staff do not have any duties, responsibilities, liabilities, or obligations to the OPCD Parties as a result of permitting such access or providing such information and explanations;

d) the OPCD Parties will not commence any action, suit or proceeding or make any demand, complaint or claim against us arising out of permitting such access or providing such information and explanation, or for any omission therein unless such action, suit or proceeding arises from our willful misconduct or failure to act in good faith in responding to specific questions raised by Ernst and Young.

OPCD also agrees that except as required by law, the information acquired as a result of the review of our Memorandum will be maintained in confidence and will not be disclosed to any third party (except as otherwise permitted herein) and will be used by it and EY in connection with the preparation of the technical accounting paper described above and that it will show this letter to, and secure the commitment to the provisions of this paragraph by EY.

Please confirm your agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Yours very truly

Michel Picard
Partner
416) 777 -8414

We are in agreement with the terms of this letter and to the release of the information as described.

Office of the Provincial Controller Department of the Province of Ontario

by: ______________________________ ______________________________

Signature: Date:

Name: Ms Cindy Veinot

Title: Treasury Board Secretariat, Office of the Provincial Controller

We acknowledge that we have read the foregoing and agree to be bound by the foregoing agreement in connection with our access to KPMG' Memorandum.

Ernst and Young LLP

by: ______________________________ ______________________________

Signature: Date:

Name:

Title: