Adherence of the Change of Law Protection Agreement to Approved Obligations

Words that are not defined below and that are defined in the OFHPA or otherwise in the General Regulation will have the meanings given in the OFHPA or the General Regulation, as applicable.

Subject to satisfaction of the conditions described under "Adherence Condition" and "Approval Process" below, the Change of Law Protection Agreement will apply (without duplication) to all finance amounts of the applicable financing entity excluding the following (collectively, the "Specified Claims"): (a) any amounts that are or become payable as a result of the exercise of an option of the financing entity following a Protection Event (e.g., redemption or extension rights), (b) **[amounts required to be deposited by or on behalf of the financing entity into any capital account, finance reserve account or supplemental reserve account]**[1], and (c) **[tax liabilities]**[2] and (d) **INTENTIONALLY DELETED**.[3]

Adherence Condition

The Change of Law Protection Agreement will bind the Province in respect of a Specified Claim if OPG, as financial services manager, delivers a certificate, signed by at least two executive officers of OPG 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.[4]

Approval Process

OPG, as financial services manager, agrees that it will not provide the certification under the heading "Adherence Condition" unless the following has been satisfied:

1. at the time the applicable funding obligations are incurred, the maximum aggregate payment amounts due or becoming due under such funding obligations, together with all other outstanding or committed Specified Claims, do not exceed the Program Maximum in effect at that time; and

[1] Why wouldn't this be covered? If the Province is agreeing to make regularly scheduled payments if a Protection Event occurs, deposits into such accounts may be part of the overall payment schedule.

[2] How would the financing entity otherwise pay such tax liabilities? How else to address the point that such amounts would by statute take priority over scheduled payments?

[3] In Toby's October 13 email, we understand this was included so that the quantum of contingent obligations would be factored into the Program Maximum test. However, any contingent liabilities would already be factored into the determination of the Program Maximum so should not be excluded here. For example, if the financing entity has a LC facility, the potential liability under those undrawn LCs would already be included in the Program Maximum.

[4] We would like to avoid involving the investors in the approval process mechanics between the Province and OPG and would rather deal with this process in a separate side letter or memo. The financeability of the transaction turns on investors' ability to simply confirm that the Specified Claims are covered under the Change of Law Protection Agreement without the additional hair of the behind-the-scenes approval process between the Province and OPG.

2. OPG, as financial services manager, delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than **[ten (10)]** Toronto business days prior to the incurrence of such funding obligations:

   (a) setting out the material terms of the funding obligations pertaining to principal amount, pricing and third party fees; and

   (b) confirming that:

      (i) 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 OFHPA, the General Regulation, 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

      (ii) 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.

In connection with an incurrence or amendment of funding obligations and other related Specified Claims, OPG may certify to interested third parties (including, without limitation, the Indenture Trustee) that such Specified Claims are covered by the Change of Law Protection Agreement provided that the Approval Process has been satisfied in accordance with this document. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by all addressees as conclusive evidence of same.

<u>Reviewed Documentation</u>

OPG will ensure that not less than **[fifteen (15)]** Toronto business days prior to the initial issuance of any funding obligations by the financing entity, the Province will have received copies, in substantially final form, of the following documents:

(a) the constating and organizational documents of the financing entity;

(b) any management, administration or servicing agreement to which the financing entity is a party, including any replacement or standby services agreement;

(c) the master transfer and servicing agreement between the financing entity and the IESO;

(d) the master trust indenture governing the issuance and common terms of notes or bonds and the security and priority of all Specified Claims that may be incurred from time to time by the financing entity;

(e) the form of supplemental indenture (supplemental to the master trust indenture referred to in (d), above) governing the terms and conditions of related series of notes or bonds issued by the financing entity and the particular allocations, security and priority of Specified Claims being serviced by related series property;

(f) the form of any note, bond or securities purchase agreement and any underwriting/agency/selling/subscription agreement with respect to sale of any series of notes, bonds or securities to be issued under the supplemental indenture referred to in (e), above;

(g) the form of any credit agreement governing the issuance of short term loan obligations by the financing entity;

(h) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the financing entity from time to time;

(i) the form of any other agreement or instrument under which a funding obligation may arise or be affected;

(j) if applicable, any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the financing entity, including any agreement of the sort contemplated in subsection 29(5) of the OFHPA; and

(k) the form of disclosure document (including any offering circular, prospectus or other investor disclosure statement) (a "Disclosure Document") describing the material terms of the funding obligations together with any related material information.

If acceptable, the Province will confirm within **[fifteen (15)]** Toronto business days of receipt of such documents that such reviewed documents shall be the "Reviewed Documentation" for the purposes of the Approval Process; 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**.**

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

The term "Substantially in the Form" herein means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), that the covenants of the financing entity 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 financing entity and events of default contained in the Reviewed Documentation; and

(b) with respect to the Disclosure Document referred to in (k), above, 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.

<u>Program Maximum</u>

The initial Program Maximum will be determined prior to the initial issuance of the first funding obligation in accordance with this section. The Program Maximum will be based on OPG'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 "<u>Forecast</u>"). OPG will be required to deliver the Forecast to the Province not less than **[thirty (30)]** Toronto business days prior to the proposed incurrence of the first funding obligations. 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 OPG and the financing entity within **[thirty (30)]** Toronto business days of receipt of the Forecast that it agrees with the Program Maximum.

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. If the Province does not agree with the determination of the Program Maximum, then the Province and OPG 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)]** Toronto 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 OPG, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

<u>On-Going Deliveries to the Province</u>

Promptly after the issuance of funding obligations by a financing entity (or an amendment thereof), OPG will provide the Province with:

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

(b) electronic copies of all related closing documents executed by or on behalf of the financing entity in connection with such incurrence or amendment that would affect the financing entity's assets or obligations (including, for greater certainty, any disclosure documents).

Upon request, OPG will provide the Province with such 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.

For greater certainty, a failure by OPG to make the foregoing deliveries will not constitute a failure to satisfy the Adherence Condition and the Approval Process.

Covenants of OPG

To support the approval and related information processes described above, OPG will covenant to the Province (among other things) as follows:

(a) OPG will comply and ensure compliance by any financing entity (including as financial services manager) with the OFHPA, the General Regulation 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), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment, early termination or extension 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) OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection 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.

For greater certainty, a failure by OPG to perform such covenants will not constitute a failure to satisfy the Adherence Condition and Approval Process.